

ELECTION '97: no one's pulling our strings

THE INDEPENDENT

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THURSDAY 27 FEBRUARY 1997

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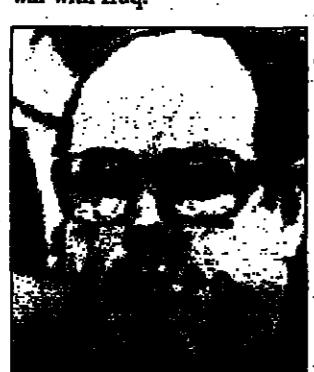


Whitehall forgot our debt of honour

Labour pressure
Soames to resign

Christopher Bellamy
Defence Correspondent

The Armed Forces Minister, Nicholas Soames, yesterday fought off Labour demands for his resignation over the Ministry of Defence's suppression of information about the still unexplained Gulf war illness which has so far killed or disabled 1,200 of the 40,000 British service personnel who served in the war with Iraq.



Soames: 'Very serious failings in division of MoD'

Mr Soames, who became Armed Forces Minister in 1994, told MPs yesterday that there had been 'very serious failings' in one particular division in the MoD and that some senior military and civilian officers were likely to face disciplinary action. The division concerned is the Defence Medical Services Finance and Secretarial Division based in Holborn, central London.

While the Commons Defence Select Committee meeting focused on failures of MoD procedure, Gulf war veterans attending the hearing insisted, apparently forgotten – like so many British armies of the past – that three out of 123 photos I've got.'

Last night Labour reiterated their allegations that Mr Soames had known earlier that he had ignored the evidence. The party's defence spokesman, Dr David Clark, said there were at least four occasions when the evidence was ignored.

After prolonged questioning by the committee, which

had been

105

ASSO

Stockholm

19 May 97

129

and the Mediterranean

major exhibitions from 1984-1993

international, statement, print, film

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significant shorts

Butcher in food poisoning scare shuts up shop

An Edinburgh butcher at the centre of the latest *E. coli* food poisoning outbreak in Scotland decided yesterday to close his shop.

James Anderson made his voluntary decision following talks with environmental health officials who have linked three *E. coli* 0157 cases with his shop in Leith. There have been no deaths in the latest outbreak, but one of the victims, a 72-year-old woman, is seriously ill at Edinburgh Royal Infirmary. Swabs from the shop were taken yesterday but it could take up to five days before the results are known.

Meanwhile, John Barr, the butcher whose premises in Wishaw have been linked to 18 deaths in an earlier outbreak in Lanarkshire, prepares to reopen his shop today, with the approval of the area's public health authorities.

Steve Boggan

Rail firm to cut 1,200 jobs

More than 1,000 jobs are to be cut by privatised rail companies in the north of England, according to leaked government documents.

The figures, obtained by the BBC, show that MTL, the largest private bus company in Britain, which took over Regional Railways North East and serves Manchester, Leeds and Newcastle, plans to cut staff levels by 40 per cent over seven years. Under British Rail, the firm employed nearly 3,000 people. Under MTL, it will be run by 1,800 staff. Jonathan Bray, of Save our Railways, said: "This shows what privatisation is all about. Private companies are given contracts not because they offer the best deal for passengers but because they promise to axe staff and slash costs." Randeep Ramesh

Policemen sacked in racism row

Two long-serving police officers have been thrown out of the force after shouting racist abuse at a member of the public.

Sgt Andrew Hunter and Det Con Steve Beech were "required to resign" by the Thames Valley Chief Constable Charles Pollard after a disciplinary hearing. The pair, who had been officers for more than 25 years, were carpeted after an incident in Buckingham, when a black pedestrian complained racist abuse was shouted at him from an unmarked police car. Both officers, who stand to lose their pension rights, have lodged appeals with the Home Secretary.

Tory defector in battle for stronghold

Alan Howarth, the former Tory MP who crossed the floor to join Labour in 1995 is on the shortlist for the safe Labour seat of Newport East, south Wales. The MP for Stratford-upon-Avon is one of nine contenders, and a particularly strong challenge is expected from Bryan Davies, a Labour frontbencher spokesman, whose Oldham Central and Royton constituency vanishes due to boundary changes. At the 1992 election, Roy Hughes, who announced his retirement only recently, had a majority of 9,899 over the Tories.

Tony Heath

Protest over Lake District drilling

Concern over the prospect of more boreholes being drilled in the Lake District National Park in an attempt to prove the Sellafield area safe for the burial of nuclear waste has provoked a protest by the park authority to John Gummer, Secretary of State for the Environment. Mr Gummer is hesitating over his decision on a public inquiry into an application by Nirex, the state-owned nuclear waste company, to build an underground rock laboratory on the Cumbrian coast – paving the way for a £2bn repository. Doubts increased last month with the leaking of a Nirex memo saying up to 100 times more data was needed, and even then the company might "struggle" to make out a safety case for a dump. Stephen Goodwin

Libel damages for Tory candidate

A Conservative parliamentary candidate yesterday accepted a total of £16,000 libel damages from nine companies who distributed an issue of the satirical magazine *Scallywag*, which accused him of planning a "dirty tricks" campaign against Labour. Solicitors for Dr Julian Lewis, the joint deputy director of the Conservative Research Department who is standing for the New Forest East seat, told the High Court yesterday there was no truth in the allegations. The distributors apologised unreservedly and also agreed to pay Dr Lewis's legal costs.

Motorway experiment cuts crashes

A variable speed limit scheme on Britain's busiest motorway has helped reduce accidents and improve traffic flows, it was announced yesterday. The system – in place for 12 months on the busiest section of the M25, London's orbital motorway – works by measuring congestion and adjusting the speed limit to get traffic flowing freely. Police have reported a 28 per cent drop in the number of accidents. Despite the scheme's success, however, there are no plans at present to extend it beyond the capital.

Randeep Ramesh

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BACK ISSUES

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people



Looking back: Rabbi Leo Fischer at the memorial in central London, unveiled yesterday by the Queen and the Israeli president, Ezer Weizman, to Raoul Wallenberg, the Swedish diplomat credited with saving 10,000 Jews in Hungary from the Nazis. Mr Fischer, in Malmö during the war, helped save his own parents with Swedish passports (Photograph: Andrew Buurman)

Anti-bullying ploy that smacked of a teacher's step too far

Brenda Davies, a teacher who was disciplined after allowing a five-year-old pupil to smack a group of boys she claimed had bullied him, yesterday resigned her post.

The 49-year-old blamed her resignation on stress caused by a lack of support from the head teacher and management at Tennyson Road Primary School in London. She said she planned to take her case to an industrial tribunal, claiming constructive dismissal.

Mrs Davies, a teacher for 27 years including seven at Tennyson Road, was removed from her infant class last November and asked to teach older children after she let Joe Middleton smack six other children on the hand with a wooden ruler.

At the time, she said that Joe, who has learning difficulties, had been kicked "like a football" in the playground by six boys aged five and six, and that she gave him the choice of forgiving them or smacking them.

She defended her actions to the school management and parents, and wrote to the Secretary of State for Education Gillian Shephard asking for her support.

When given a final written warning that she would

be sacked if she refused to give a firm undertaking not to allow a similar incident again, she insisted she had acted in line with the school's anti-bullying policy.

Yesterday, Mrs Davies said she still believed she was right to allow Joe a chance to stand up to his tormentors, but would think twice before doing the same again.

She claimed stress had affected her so badly after the incident that she needed psychiatric therapy, and feared having to retire through ill-health.

Mrs Davies said: "The stress was down to the lack of support I got from the headmaster and governors and the fact that parents and teachers have told me they feel too intimidated to support me."

"I am afraid that the school management were not listening to me and accepting the truth of my intentions, which was to help a kid to stand up for himself."

The incident last October divided parents at the 160-pupil school. Some launched a petition in her support while others condemned her for contacting the media.

Her head, Graeme Russell, said yesterday: "Since she is considering going to an industrial tribunal it is not appropriate to comment further." Lucy Ward

Bertone, doyen of car design, dies

Nuccio Bertone, one of the great figures of the car world and the doyen of Italian design, has died aged 82.

During more than half a century of intense work, he created some of the world's most memorable car designs including the Lamborghini Countach, the Ferrari Dino 308 GT4 and the Lancia Stratos.

Born in Turin in 1914, he entered his father's small coachworks firm in his early 20s, gradually transforming it into a fully-fledged industrial plant.

One of his first big successes was the 1954 Alfa Romeo Giulietta Sprint, of which 40,000 were built against an expected 500. He also designed the Fiat 850 Spider and the Fiat X1/9.

However, the Bertone Lamborghinis are the hallmarks of an epoch – the Miura, Espada and Countach each figuring as milestones in automotive history.

Finally in the 1990s, came the Citroën ZX and Xantia, the Opel Astra and Fiat Punto cabriolets and the Citroën Berlingo.

In 1995 came a *Guinness Book of Records* entry when the Bertone ZER blasted through the 300km/h barrier



Bertone: Epoch-making work

to achieve a record speed of 303.977 km/h.

Bertone leaves two daughters who have followed their father's path:

Marie Jeanne, a graduate in architecture, oversees the creative section of the Bertone group, and Barbara, an economics graduate, the industrial production division.

Today the group employs 1,500 with a turnover of £200m. Reuters

Composer sits with his peers

The millionaire composer Sir Andrew Lloyd Webber, promoted in the New Year's honours list, took his seat in the House of Lords yesterday as Lord Lloyd-Webber.

The creator of *West End* musical hits including *Evita*, *Cats*, *Jesus Christ Superstar* and *The Phantom of the Opera* is expected to be welcomed by Tory whips to join the Conservative benches.

Lord Lloyd-Webber's sponsors were the crossbenchers Lord Owen, the former Labour Cabinet minister and SDP co-founder, and the former Arts Council chairman, Lord Palumbo.

Lord Lloyd-Webber's will now be written with a hyphen to satisfy Lords protocol.

Also taking his seat yesterday was Raj Kumar Bagri, chairman of the London Metal Exchange and of MetDist.

Lord Bagri's sponsors were Tory peers Lord McColl of Dulwich and Baroness Flather.



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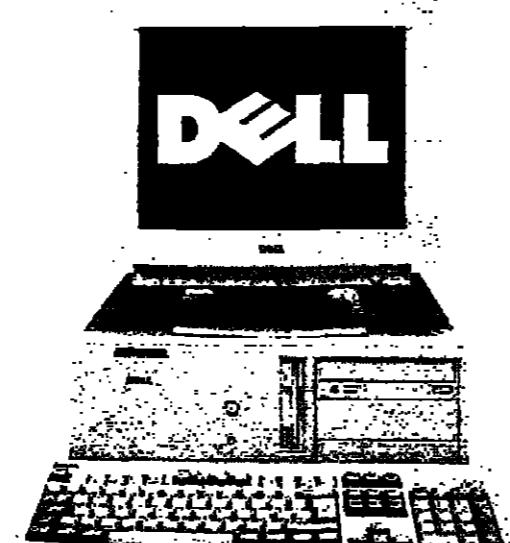
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briefing

MEDICINE

Genetic mutation hope for Aids victims is demolished

A dying man in Australia has demolished early hopes that a genetic mutation, found in about 1 per cent of Caucasians, might confer resistance to HIV, the virus that causes Aids.

Writing in the journal *Nature Medicine*, Dr Robyn Biti of Westmead Hospital in Sydney, details a gay male patient who appears to be developing Aids despite having a double mutation of a gene known as CCR5.

Last August research in *Cell* magazine, based on work at the Aaron Diamond Research Center in New York, had suggested that people who had a pair of faulty CCR5 genes did not produce a protein on their immune cells that HIV needed to attach to. This, in turn, would mean that people with the double CCR5 mutation should be immune to HIV.

Charles Arthur

NHS

Hospitals' £10m waste

Hospitals could save millions of pounds across the NHS if they took a more efficient and systematic approach to sorting waste. A report by the Audit Commission also warns that some hospitals need to adopt safer practices when it comes to handling and transferring clinical waste which includes bloodbags, human tissue, infectious material and used syringes.

Acute hospitals in England and Wales spend £30m a year on waste disposal. But trusts are paying more than they need by not sorting different types. A more systematic approach and better contract management could save £10m if it is estimated.

Getting Sorted: The Safe and Economic Management of Hospital Waste, £15, from Audit Commission Publications, Bookpoint Ltd, 39, Milton Park, Abingdon, Oxon OX14 4TD. Glenda Cooper



SCIENCE

Ticklish problem is solved

A robotic hand on a flexible hose and a scientist under a sheet have proved that tickling makes you laugh because it tickles.

Previous thinking suggested that you would feel more tickled if the action was carried out by somebody you knew rather than a stranger. But psychologists at the University of California at San Diego disproved the idea. They took 34 blindfolded volunteers into a room to be tickled either with the robotic hand or by a person.

In fact, all the tickling was carried out by a scientist hiding under a sheet. To the students it made no difference: they reported feeling equally tickled whichever they were told was doing the stroking. Ticklishness, say the researchers, is a reflex, not an emotional reaction.

Charles Arthur

UNEMPLOYMENT

Quarter jobless since last election

More than one in four people of working age have had a spell of unemployment since the last general election, Labour said yesterday.

In total, 10,225,000 people have signed on since April 1992 – 27 per cent of all people between 16 and retirement age. In Wirral South, where voters go to the polls in a by-election today, 14,000 people have claimed benefit.

The figures were given in a written answer to Labour's employment spokesman, Stephen Byers. Yesterday Mr Byers criticised ministers who had claimed that job insecurity was "a state of mind".

He added: "They should try telling that to the one in four who have lost their jobs since the last election." Fran Abrams

MOTORING

Any colour, as long as it's brown

If Henry Ford were alive today he may have had to rework his famous comment about the colour of his cars. It seems that on the production line as well as on the catwalk, brown is the new black on the production line.

According to the car paint supplier, PPG, red will retain its popularity, but beige, caramel and yellow will also feature as the prominent car colours by 2000. A spokesperson said: "Women's fashion has always led the way when it comes to colour trends, closely followed by the world of interior design. These patterns emerge next in the car market."

Briefing

Fertilisation hope for
woman is demolishedAn demolished early hopes that a genetic
test could reveal whether a woman's eggs, which
includes a genetic mutation, might confer
a double mutation. A genetic test on work at the
Center in New York, had suggested that
that HIV needed to attach to. The
people with the double CRS mutation
Charles ArthurRob Brown
and Chris HewettBill McLaren and his colleagues
were kicked out of Twickenham when BSkyB showered the English
Rugby Union with £87.5m last year, but they will remain
very welcome at Cardiff Arms Park, Murrayfield and Lansdowne Road into the new millennium.A jubilant BBC announced
yesterday that it had paid in "ex-
cess of £40m" to the nationalrugby unions of Scotland, Wales
and Ireland to keep possession
of live Five Nations rugby coverage in the Celtic Fringe.England, who notoriously
negotiated the unilateral deal
with BSkyB and nearly found
themselves excommunicated from
the Five Nations as a result, are now in the peculiar position
of playing their home
matches in front of a far smaller
television audience than their
Celtic brethren.

Rupert Murdoch's satellite gi-

ant has given up on its goal of
the broadcasting equivalent of
the Grand Slam.BSkyB had originally put
more than £200m on the table
in a bid to win the entire Five
Nations rights, but it withdrew
recently after disagreements
over dual tendering with a ter-
restrial partner.The bulk of Five Nations
action — a minimum of 18
matches — plus 14 other ties in-
volving the three countries
against major touring teamswill remain "free to air" for the
next three seasons.Announcing the deal yester-
day, Jonathan Martin, BBC
controller of television sport,
said: "We are delighted that the
national rugby unions involved
took a considered view of the
potential audiences for these
important matches and have
chosen to make them available
to the whole United Kingdom
viewing public."The news will be welcomed
by club sides from Swansea to
Stirling County and from Brid-
gend to Ballymena. Welsh clubs
— some of which have run into
acute financial difficulties in re-
cent months — had double cause
for celebration yesterday when a
separate domestic deal was
struck with HTV and the Welsh
language station S4C.Svd Millar, Irish Rugby Foot-
ball Union representative on the
Five Nations television commit-
tee, spoke for many armchair
fans on both sides of the Irish
Sea last night when he said:"This contract keeps faith with
the vast majority of rugby sup-
porters. It is also an excellent
principle in their negotiations
with the BBC."Tom Kiernan, the Five Nations
Committee chairman, said
these had been the two prime
principles in their negotiations
with the BBC.Charlie Bissett, Scottish Rug-
by Union's Five Nations tele-
vision sub-committee rep-
resentative, said the outcome of ne-
gotiations with the BBC had pro-
vided "an optimal answer to our
two objectives of maximising
coverage of the game, combined
with our desire to achieve the
greatest possible return for our
television rights."by Union unilaterally negoti-
ated a deal with BSkyB for live
coverage of matches played at
Twickenham.England was temporarily
kicked out of the tournament
until it agreed to contribute
£6.5m into a communal pot.The coverage of French
matches in Paris will remain
subject to separate negotia-
tions with the French Rugby
Federation.Allied drops Sky, page 16
Leading article, page 17

How film's independent producers are winning hearts, minds and seats from the Hollywood moguls

David Lister
Arts News EditorFirst the Oscar nominations
suggested it and then this
week's announcement of the
front runners for Bafta awards,
the British equivalent, con-
firmed it — the Hollywood giants
are fighting a losing battle
against the small independent
film companies.Inquiries have already started
as the film moguls try to work
out why their blockbusters are
not attracting critical acclaim.The 13 Bafta nominations for
The English Patient, starring
Ralph Fiennes and Kristin Scott
Thomas and coming on top of
12 Oscar nominations, sent
shivers through Beverly Hills.The success of the film adap-
tation of the Booker prize winner,
with a largely British cast,
British director AnthonyMinghella and money from in-
dependent American company
Miramax looks to be part of a
revival of stylistically old fashioned
films — long, thoughtful,
intelligent character dramas.Shine and *Secrets and Lies*are other Oscar and Bafta nom-
inated films, again from inde-
pendent studios and lacking
any Hollywood input, which
are causing soul searching in
America, just ant Hollywood.The *New York Times* claimed
there was "a question that cuts
to the heart of the creative quan-
tum that appears to grip Holly-
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Labour vows to be tougher on inflation

Anthony Bevins
Political Editor

A Labour government would be tougher on inflation than the Tories have been, Gordon Brown, the shadow Chancellor, said last night.

Mr Brown told a London business forum that Labour would set the same inflation target as the present government, "to achieve underlying inflation of 2.5 per cent or less", ensuring that the Retail Price Index, excluding mortgage interest payments, remained in the 1 per cent to 4 per cent range.

But he added: "While the Conservatives have managed to keep underlying inflation within the 1 to 4 per cent range, the target of 2.5 per cent or less has not been met since December 1994. Since the target was first set, it has been achieved in just 11 out of the 52 months. So the Government has clearly failed to achieve an average inflation rate of 2.5 per cent over the course of this Parliament."

He said: "We are tougher not just because we understand the need to tackle the causes of inflation at source. It is also because we will ensure decision-making on interest rates is more effective, open and accountable. In this way, we will make clear that decisions are being taken ... for the long-term national economic interest."

"This will deliver the confidence and stability among investors and business which is necessary for credibility."

Kenneth Clarke, the Chancellor, yesterday accused Mr Brown of retreating into a system of secrecy and political manipulation.

Never again should interest rate decisions appear to be manipulated for political ends

However, Mr Brown said in his speech that he wanted to keep the existing framework of the Bank of England's inflation report, and the monthly meetings between the Chancellor and the Governor, followed by publication of the minutes six weeks later.

He said: "There remained strong suspicion of political expediency, and added that, under Labour, interest-rate decisions had to be made at the meetings between the Chancellor and the Governor, with

immediate announcement, along with proper justification to the public."

"If we are to achieve our objectives for inflation," Mr Brown said, "never again should interest-rate decisions affecting the long-term appear to be manipulated for short-term party political ends."

As reported in *The Independent* yesterday, Mr Brown said he wanted to broaden the advice given to the Treasury and the Bank.

"It is time to move from the Government's ad hoc, often subjective and even amateurish approach to decision-making on matters vital to every family and business in the land to a consistent, better-informed and more professional system of policy-making both in the Treasury and the Bank of England."

However, he was more cautious than some newspaper reports suggested about Bank independence.

No decisions had been taken on giving the Bank statutory powers to set interest rates to achieve the Government's inflation target.

But Mr Brown said: "Government has a responsibility to the public in setting the objectives of economic policy and that means that the Government rather than the Bank of England must set the targets for monetary and fiscal policy."



Thinking ahead: Gordon Brown promises more-effective decisions. Photograph: Brian Harris

Masons square up to Commons challenge

Christian Wolmar
Westminster Correspondent

Two senior Masons denied yesterday that there was anything untoward about Freemasonry and stressed that police officers and judges would always have first loyalty to their jobs, rather than their lodges.

Commander Michael Higham, the grand secretary of the United Grand Lodge of Eng-

land, and John Hamill, the curator of the Grand Lodge Museum, painted a picture of Freemasons as spending most of their time at meetings, in complex rituals - "one act plays" - and in raising £1.3m per year for charity.

Giving evidence to the Commons Home Affairs Committee, which is examining the role of Freemasonry in the police and judiciary, Cde Higham said

that Masons had to be of good character, to believe in God, be over 21 and to have the ability to spend the time and subscription about £30 per year on Freemasonry. He denied that the Freemasons had ever been a secret society.

He explained that until 1939, Freemasons had been quite open about their membership, but during the war, secrecy became the norm. However, in

1984 the policy changed, and "we've been talking to the public for 12 years to anyone who listened."

Cde Higham stressed that public concern about Freemasonry "comes from misunderstandings. Freemasons start from the basis that they are good citizens. If they fall foul of the criminal law, we invariably expel them."

Until the mid-Eighties, he

said, Freemasonry had been self-policing and miscreants resigned without being asked to do so. Between 1946 and 1986, there were only 12 expulsions, but since then there have been 277.

Chris Mullin, a Labour member of the committee, asked whether this change of heart had resulted from increased public interest in Freemasonry. Cde Higham denied this, saying that the change in proce-

dures followed a case in which two armed robbers went straight back to their lodge after serving six years in jail.

Earlier, Cde Higham said there were 8,650 lodges in England with 349,213 members and membership was declining. Rules had been relaxed to ensure that it was easier for people to be asked to join, but he stressed that no one was coerced into becoming a Freemason.

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SAVINGS

TUC sets out election stall

Barrie Clement
Labour Editor

The TUC yesterday set out its bottom line for a national minimum wage and a Labour government in a document aimed at providing Tony Blair with a smooth path to Downing Street.

In what will be seen as a trade union election manifesto, the TUC effectively demands that pay rates should not fall below £4 a week when senior Labour figures are thinking in terms of a statutory rate between £3.30 and £3.40.

The paper, *Partners for Progress*, seeks to minimise the union movement's potential to embarrass Labour during the election campaign, but raises substantial points of disagreement between what traditionalists call "the two wings of the Labour movement".

Unions call for a pact which would give public sector workers greater job security - an aspiration endorsed by remnants of the left-wing at senior levels in the Labour Party, but rejected by those close to Mr Blair.

The TUC calls for a compulsory levy on companies to

pay for training and a new tripartite forum on the economy, both of which are frowned upon by the Labour leadership.

The TUC's paper was leaked to a lobby correspondent yesterday in an attempt to minimise the possibility of clashes between the party and unions.

Setting aside any differences of opinion, Labour's deputy leader, John Prescott, who addressed the TUC's ruling general council yesterday, said the document hit the right note. "A new Labour government wants unions to be part of the solution to the great problems the country needs to solve," he said.

Mr Monks said the manifesto was an attempt to encapsulate new unionism: "Resolute in the defence of people at work but willing to take our share of the responsibilities for contributing to the economic success of our country, its companies and its public services."

The TUC hopes for a new style of government which was not automatically hostile to unions, however Mr Monks conceded that there would be no favours.

DAVID Aaronovitch

MP fires a cold hard question

It was, said Niranjan Joseph Deva - the Conservative member for Brentford and Isleworth - "part of the historic tradition of this House that an MP should be able to speak about an injustice that has befallen one of his constituents".

"On the 15th June 1993 at nine o'clock in the morning," continued Mr Deva with admirable attention to detail, "Mr Constantine Kashiris was in the garden of his home in Isleworth, when a block of ice the size of a sack of potatoes fell from an aircraft flying overhead." What then transpired could be attested to by Dr Zucchini (I think) of 19, Harvard Drive, Isleworth, who - according to Mr Deva - examined Mr Kashiris shortly after the incident. The unfortunate septuagenarian had managed to evade the plummeting ice-cube, but the shock had sent him tumbling into his own back door. When, "on the 30th November 1993", further tests were carried out on Mr Kashiris by a consultant, Mr G.E.T. Wren (Dr Zucchini presumably having exhausted his specialist expertise), it was discovered that Kashiris had suffered a "transmissal line running along the upper surface of the glenoid fossa".

Since then, said Mr Deva, the story of Mr Kashiris' life had been a tale of one man's lonely battle for compensation - compensation for "poor nerves, stress and sleepless nights" (presumably worrying about the next sudden fall of ice). The Civil Aviation Authority, however, had been of no assistance. It had identified a number of aircraft in the vicinity of Isleworth at the time, but could not tell which had let loose the offending lump. Had Mr Kashiris been able to scribble down the registration number of the offending aircraft, then he would - they admitted - have had a very good case. Alas! he failed to do this.

"But," Mr Deva pointed out sagely, "aircraft do not carry registration markings on the underside of their wings. So is Mr Kashiris supposed to carry a pair of binoculars just as he is suffering the shock of a falling block of ice?" The angry MP continued with this devastating question: "how do you," he demanded, "identify a plane when you have just been knocked to the ground by something falling from it?" He looked hard at the minister, the minister looked at the whip, the whip looked at the usher and the usher looked at me. Mr Deva had us, and we knew it.

Thus had Mr Kashiris been "denied justice" by the Civil Aviation Authority which had a responsibility towards those living close to airports and "who are made injurious and suffer amenities because of it". (I agree. An am of mine once suffered awful amenities for months because of an airport.)

John Bowis was the luckless transport minister tasked with replying to Mr Deva's indictment. Unable to deny that injustice had been inflicted, he took refuge in a long and diverting analysis of what icefall from aircraft actually was and how often it happened.

Such ice was often the result of "leakage in lavatory installations, known as blue ice," but the danger, "though present, is remote". True, said Bowis: reports of such incidents had risen from 25 in 1995 to 33 in 1996. But this rise could be due to "increased public awareness of the need to report icefalls". (Haven't we all seen the public safety ads on TV, warning us to don protective headgear before entering our gardens?)

All this can be of little comfort to Mr Kashiris, who now knows (as Mr Deva did not put it) that he has been pissed on from a very great height indeed.

share the region had been expecting. South Wales will be receiving £6m less than it had hoped for from the carve up, he said. Total investment for all ten regions will come to around £4.2bn when government grants are added. A further £500m is expected from the private sector. The Commission is insisting that the Government match

EU grants pound-for-pound.

The latest round of funding is likely to be the last on such a scale. Former Eastern Bloc countries are queuing up to join the EU, and Monika Wulf Mathies, the EU Regional Development Commissioner, has warned that resources will have to be concentrated on regions which need most help.

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Legal & General

news

Moynihan beats off the young pretender after tales of bigamy and sperm

Jojo Moyes

After one of the most exotic hearings ever before a Lords committee, involving sperm donation, bigamous marriages and brothels in the Philippines, the former Tory minister, Colin Moynihan, was yesterday given the go-ahead to inherit the title of his late half-brother, Lord Anthony Moynihan.

Lord Moynihan, a former sports minister, emerged victorious after the Lords Privileges Committee ruled that a challenge made on behalf of his Filipino nephew, six-year-old Daniel Moynihan, had failed.

Telling the committee that "one cannot assume that things are exactly as they might seem", the Attorney-General, Sir Nicholas Lyell, advised its members that while Lord Moynihan's "first three marriages were not in dispute" the claims of neither Andrew, the product of the late peer's fourth marriage, nor Daniel Moynihan, the product of his fifth – and bigamous – marriage were legally valid.

"The problem begins to arise as a



Lord triumphs: Colin Moynihan, and his wife, Gaynor, celebrate after winning his battle to inherit his late half-brother's title. Photograph: Edward Sykes

result of the miseries of the 3rd Baron, who lived a very colourful life – some of the colours distinctly lurid," Sir Nicholas said. Lord Moynihan, a notorious playboy, had met his fourth and fifth wives in the Philippines, "where he had a prosperous business" which is described as hotels and massage parlours – but described in the obituaries as brothels", Sir Nicholas said.

Editha Eduarda, mother of his elder son Andrew, who was not contesting Colin Moynihan's petition, had given birth with the aid of *in vitro* fertilisation. Although Andrew had

been "born in lawful wedlock", blood and DNA evidence had subsequently shown that he was not Lord Moynihan's son. "The 3rd Baron who lived a very energetic life in sexual aspects, note the less had a very low sperm count," Sir Nicholas said.

But the High Court's family division had also ruled, last year, that Lord Moynihan's divorce from Editha had been "obtained by fraud". This meant that the peer's fifth marriage, to Janna Sabriga, had been bigamous. Her son Daniel had been born three weeks after the wedding. "The con-

sequence of it being a bigamous marriage is that Daniel is illegitimate unless he can be rendered legitimate by statute by operation of the Legitimacy Act 1976," Sir Nicholas said. For that to happen, the peer would have to have lived in the UK at the time of his marriage. But a court had ruled that he had been domiciled in the Philippines.

Colin Moynihan, representing himself, told the hearing that the 3rd Baron had been so keen for Daniel to succeed that he had placed an obituary in the *Times* claiming – incorrectly – that his first son had died. "I think he strongly

desired to ensure that Daniel would succeed and that he was keen to go to whatever lengths necessary to ensure that Andrew could not," he said. After the hearing Mr Moynihan, who has two young sons, spoke of his relief that the case was all over, adding: "It's been five years of constant hard work to bring together all the evidence."

The committee's ruling, which would allow the former MP to enter the Lords as the 4th Baron Moynihan, is subject to confirmation by the full House of Lords and subsequently by the Queen.

such a service after numerous appeals from couples, mainly from the Middle East, desperate for a son. A survey carried out by the Institute of Public Health showed that failure to give birth to a male baby was a significant factor in the high percentage of suicides among Asian women in Britain.

"At one time I was unconvinced about providing such medical assistance," he said.

"But as I and my colleagues in the Western world have learnt more about the cultural and economic pressures imposed on such couples the more I have come to believe medical science should be used to mitigate needless anguish and suffering."

Of his critics he said: "Those

of us who work in the field of human reproduction have long grown accustomed to censure, usually by people who have no idea of the huge distress caused by infertility and childlessness."

But a spokesman for the Society for the Protection of the Unborn Child said: "It is a step further down the path where the right to a child becomes the right to a particular child, a mentality encouraged by the practice of IVF. It leaves embryos vulnerable to be discarded and it is a flagrant violation of the child's rights."

A spokesman for the pro-life charity Life added: "We are not surprised. It just marks another milestone in the commodification of the baby."

Lord Robert Winston, professor of fertility studies at Hammersmith Hospital, described Mr Rainsbury's claims as "reprehensible".

"There is no question that the government regulatory operation has made it quite clear that they would not want us to do sex selection for social reasons and nor would we," he told the London radio station LBC.

Plans for selecting babies' sex attacked

Glenda Cooper
Social Affairs Correspondent

A British doctor's plan to guarantee couples the sex of their unborn child was yesterday strongly condemned by his peers and described as a "flagrant violation" of medical ethics by anti-abortion groups.

The fertility expert Paul Rainsbury said that his controversial sex-selection service was designed "to end the distress faced by millions of couples unable to create the offspring of their choice".

His announcement is the latest in the continuing controversy over advances in genetics. Earlier this week, the first cloning of a adult sheep was revealed.

Within the next couple of weeks, Mr Rainsbury will offer couples the chance to visit a clinic in Naples, Italy, and undergo *in vitro* fertilisation treatment while choosing whether they want a son or a daughter at a cost of at least £10,000. He says two British couples have already applied to take part, as well as couples from Italy and Saudi Arabia.

Although the success of IVF itself cannot be guaranteed – the average live birth rate is 14 per cent – the sex of any foetus which survives to birth can be 100 per cent guaranteed. Surplus embryos would be disposed of or given to childless couples.

The process was pioneered at Hammersmith Hospital in west London, but control of a baby's sex is allowed only by the Human Fertilisation and Embryology Authority for health reasons, to prevent genetic disorders, such as muscular dystrophy or haemophilia, being passed on by one sex. Selecting for social reasons is illegal.

Mr Rainsbury said that he had been persuaded to offer

Murder charge girl's chilling 'diary of death'

A girl accused of murdering teenage hairdresser Katie Rackliff was constantly preoccupied by the death in "chilling" diary entries in the years that followed, a court heard yesterday.

The girl, now 17, was only 12 when Katie, 18, was stabbed to death in June 1992, Winchester Crown Court was told.

Katie, who had spent the last year of her life at a night-club in Camberley, Surrey, was found with 29 stab wounds in a street in Farnborough, Hampshire, the court heard.

The girl, who for legal reasons cannot be named, denies murder.

Yesterday Stewart Jones QC, for the prosecution, read from the girl's diaries of 1994, 1995 and 1996. "She is constantly preoccupied with the whole question of Katie, as all these writings will demonstrate," he said.

A diary entry from 13 January, 1995, said: "Remember KR. Oh God, she did get me going, so hot, pity really."

"I think about it and my head is spinning, but against the cops I'm winning."

An entry from 7 March, 1995, said: "I bet she's all bone and maggots by now. She shouldn't have tested."

In another entry she wrote: "I believe in pain as the mirror of man's ability, the sublimation of the ego, the resurrection of the animal, the supreme animal, that's why she had to be killed."

Another entry said: "If only I could kill you again, I promise I'd make you suffer more, you

slag. Your terrified screams turn me on."

An entry for 4 July said: "Death by knife wounds and sex go together, they both take you, and all women should be taken."

Another entry said: "I enjoyed putting the blade up her. It made me feel powerful. I had to overcome her serenity, her security, she needed to be raped."

An entry in November 1995 said: "Last night it occurred to me, that killing her did me good. I know what I'm capable of, and will do it again."

On 7 December, the diary entry said: "Two-and-a-half years today, I put that slag in the ground." Mr Jones said that by then it was actually three-and-a-half years.

Mr Jones said the attack on Katie must have been frenzied. The victim's heart, lungs, liver and stomach were cut and penetrated time and time again and there were also stab wounds to the victim's genitals.

Mr Jones said the killing remained a mystery until the early part of 1996 when police interviewed the accused, who proceeded in a series of interviews to admit she had stabbed Katie to death. At the time police went to see her, she was in custody in a young offenders institution, he said.

Mr Jones said: "It is the appalling truth that this young girl ... did in fact kill Katie Rackliff, was haunted by it since, or alternatively has exulted about it, even going so far as to mention sexual pleasure she had gained from it at the time."

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news

Hillsborough families pin inquest hopes on doctor's evidence

Glenda Cooper
Social Affairs Correspondent

A doctor who treated victims of the Hillsborough disaster has offered new medical evidence which it is hoped will overturn the original inquest verdict.

The Hillsborough Family Support Group plans to use Dr Ed Walker's testimony to ask

the High Court to quash the accidental death verdict. Its solicitors hope that a new inquest would change the verdict to unlawful killing.

Dr Walker, who tended more than a dozen fans on the day of the football stadium disaster in April 1989, told the journal *Hospital Doctor* that the first victim he treated, 14-year-old

Philip Hammond, was still showing signs of life well after 3.15pm. At the inquest the coroner, Dr Stefan Popper, had refused to hear details of what happened after that time, ruling that those killed were already braindead.

Dr Walker's account follows new evidence published in the *Independent on Sunday* last year

in which another victim Kevin Williams, 15, was still alive at 4pm. The victims' families claim that Dr Popper's ruling denied them the chance to prove that South Yorkshire Police failed to activate a major disaster plan.

Peter Killeen, the Labour MP for Liverpool Walton who raised the families' claims in the Commons, has been invited to the Home Office on Monday to discuss the new evidence with Home Office ministers.

Dr Walker, who did not give evidence and only recently saw transcripts of the inquest, described him as an "unidentified doctor", had watched the unfolding events on television and drove over to Northern General Hospital in Sheffield to see if he

could help. There he treated about 14 patients over six hours. He says he detected a pulse and a cardiac monitor also picked up a heartbeat well after 3.15pm although he gave up attempts to revive Philip at 3.40pm.

Philip's father, also called Philip, said: "We have been looking for Ed for seven-and-a-half years and we are over the

moon we have found him. At last we may get justice."

Ann Adlington, a Liverpool city council solicitor who is acting for the families, said an application was being made to the Attorney General alleging that crucial evidence, including Dr Walker's, was not put before the jury. "Dr Walker's evidence demonstrates that the inquest

did not fulfil its function," she said. Solicitors are also applying to the Director of Public Prosecutions for a criminal investigation into South Yorkshire Police, who handled the incident, and West Midlands Police, who investigated the tragedy. Both forces insist Dr Walker's statement was made available to the coroner.

Money and separation: change in rules welcomed but will still leave many women penniless

Divorcees to benefit in pension law change

Patricia Wynn Davies
Legal Affairs Editor

Thousands of divorced women stand to benefit from government plans yesterday to enable them to claim a share of their husbands' pensions—but thousands more will lose out because of the delay in implementing the proposals.

A White Paper gave the go-ahead for pension rights to be split for the first time, but legislation will only be introduced when "practicable to do so and the future legislative programme allows", which is likely to mean April 2000.

The changes will allow courts—or couples by agreement—to split a person's (usually the husband's) private, occupational or state earnings-related pension at the date of divorce, giving the ex-partner immediate rights to a pension of his or her own. The split would not necessarily be 50-50.

The paper got a broad welcome from women's and legal organisations and the pensions industry. Bill Birmingham, benefits services manager at the National Association of Pension Funds said: "It has long been the policy of the NAPF that pension splitting should be permitted."

At present, the most that a former spouse can achieve is an order ear-marking part of the pension at the time of retirement, leaving ex-wives at risk of receiving nothing if their husbands die before retirement or of being forced onto benefit if they die later.

The Government has never been wholeheartedly behind the change, claiming the reform would be too expensive and too complicated to administer. But amendments successfully tabled to last year's Family Law Act by Baroness Hollis, a Labour Social Security spokeswoman, paved the way for yesterday's paper.

John Denham, the shadow Pensions Minister, said women would suffer because of the Government's

delay in introducing the changes. "In the coming years women will still retire onto means-tested benefits who could have been enjoying a pension in their own right," he said.

Launching the paper in the House of Lords, Lord Mackay of Ardbrecknish, minister of state for social security, emphasised that both parties to a divorce might have to rethink their expectations. "It is currently often the case that the wife keeps the house and the husband the pension simply because the pension cannot be split. In future this may not be the case," Lord Mackay said.

Family lawyers emphasised, however, that suggestions that couples would not be able to reach "clean break" settlements were misconceived. Richard Sax, a member of the Law Society's family law committee, said: "I can think of cases where the husband wanted a clean break but he couldn't split his pension."

Sally Quinn, of the pressure group Fairshares, highlighted what she said was the "sting in the tale" in the paper, which says private scheme rights will be valued by the scheme using the case equivalent transfer value method. Women who had perhaps been married for 30 years and whose husbands enjoyed generous pensions based on final salary would lose out, she said.

Caroline Neville, 47, who also works for Fairshares, disputed suggestions yesterday that pension splitting could lead to more divorced wives being forced out of the matrimonial home. Ms Neville is in the process of unpacking in a new house after the family home was sold to provide homes for her and her ex-husband. She has no pension of her own, although her husband had paid in to four schemes. "I am 47 and have no prospect of getting a pension. I would have liked my share. I would have liked to have known I had a pension," she said.



Losing out: Caroline Neville will get nothing from her ex-husband's pensions

Photograph: Nicola Kurtz

Pit bulls win reprieve from destruction

Colin Brown
Chief Political Correspondent

Magistrates are to be given the power to save savage dogs from destruction in a change to the Dangerous Dogs Act ordered by Michael Howard, the Home Secretary.

The change came after criticism by a committee of MPs, but was seen at Westminster as an attempt by the Government to appeal to the pet-owning voters who have campaigned for dogs to be reprieved from destruction under the Act.

Magistrates were given the powers to seize and destroy dangerous dogs in 1991 after a wave of reported attacks on children by pit bull terriers, a type of fighting dog, which had been imported to Britain from the United States.

It cleared the streets of pit bull terriers, but it led to a series of embarrassing cases for the Government, in which magistrates found difficulty in identifying the breeds.

The change will depend on the passage of a Private Members' Bill by Roger Gale, the Tory MP for North Thanet.

which is due for its second reading in the Commons tomorrow. This would provide more flexibility in implementing the Act.

Tom Sackville, the Home Office minister, defended the decision by Kenneth Baker, then Home Secretary, to introduce the law. Mr Sackville said: "The Act was deliberately draconian, designed to deal quickly with a deeply unpleasant problem. Too many children's lives have been blighted by dangerous dogs. The Home Secretary of the day was totally justified."

The amendments would allow a court limited discretion to order a mandatory destruction of a dog unless it was satisfied that it would be safe not to do so. It would also allow the reopening of the index of exempted dogs in "rare cases where owners have legitimate reasons for not having registered their dogs".

During the five years of its existence, dog groups have criticised the Act as rushed, too harsh and ill-conceived; it was complicated by the fact that the pit-bull is not a pure breed.

Action urged to reduce cell deaths

Urgent action is needed to improve medical facilities at police stations, the Police Complaints Authority said yesterday, writes Jason Bennett.

The call for clearly-defined medical practices follows an inquiry into the death of Leon Patterson, who was found naked in police custody.

An inquest jury in November returned a verdict of "misadventure to which neglect contributed". Mr Patterson, 31, from north London, was arrested in Stockport, Greater Manchester, on suspicion of stealing. Six days after his arrest he was taken to Stockport Magistrates' Court, where he spent eight hours lying naked and handcuffed on a stone floor before being transferred to a

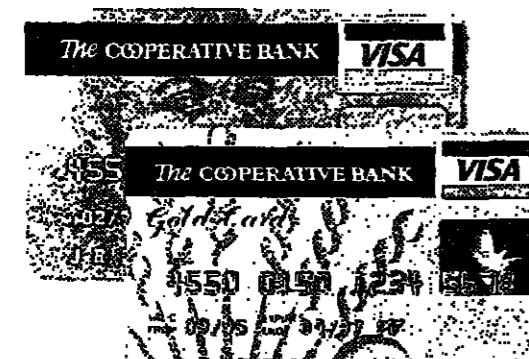
holding cell at Denton police station where he was later found dead. There was clear evidence that he had not taken adequate fluids and that he had been vomiting and had diarrhoea.

There cause of death was considered to have been a "complex metabolic disorder" resulting from drug withdrawal symptoms and gastroenteritis.

Molly Meacher, a member of the PCA, said in view of the increasing numbers of people coming into police custody suffering from psychiatric disorders or drug addiction, police forces need to consider whether drug and psychiatric experts should be available. The police doctors should also clearly say how a sick prisoner should be treated.

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Mane event: The British Horse Society's team of native ponies - which includes breeds from the New Forest, Exmoor and Shetland - lines up at Catherstone Stud, Whitchurch, Hampshire, before leaving for the Equitana festival in Essen, Germany

Photograph: John Lawrence

Man charged with killing Kayleigh, 9

Jason Benetto
Crime Correspondent

A man was charged yesterday with the murder and rape of Kayleigh Ward, the "street-wise" nine-year-old who disappeared after going to buy some chips.

Meanwhile, in an unconnected case, the body of a second child, believed to be that of missing nine-year-old Zoe Evans, was found in Wiltshire.

John O'Shaughnessy, 30, from Blacon, Chester, is to appear before Chester magistrates today charged with Kayleigh's murder. Her body was found in the river Dee just over the Welsh border from her home in Chester by a man walking his dog on Tuesday.

A Home Office Pathologist who examined the body concluded she had been strangled before being put into the river.

The discovery ended a police search that began when the girl, who was described as "street-wise", went missing on 19 December after setting off from her hostel home. Her body was identified by her mother Yvonne, 36.

Police are preparing for a fingertip search today of a bronze-age campsite at Battlesbury Hill, Warminster, after the discovery yesterday of what is believed to be the body of Zoe Evans, who vanished from her Army married quarters home on 11 January. The body was found by officers working on the edge of the wooded hill - a 200ft high bronze-age campsite and local beauty spot.

The area was cordoned off and a nearby military road closed to traffic. The area is on military land and less than a mile from Zoe's home at Pepper Place, near Warminster.

A post-mortem examination on the body was expected to be carried out last night.

Tory MP drank himself to death alone in his flat

The sudden death of Iain Mills, the Tory MP, was caused by acute alcohol intoxication, an inquest was told yesterday.

At the time of his death, which temporarily plunged John Major's government into minority, the 56-year-old backbencher MP for Meriden, in the West Midlands, was found with more than five times the drink/drive limit of alcohol in his blood.

Derek Conway, a government whip, told Westminster coroner's court how he had found Mills at the MP's flat in London where he had lain undiscovered for at least two days.

Paul Knapman, the coroner, said: "It is ... a sad story that nobody noticed that Iain Mills wasn't so much around ... until Mr Conway found him."

Mr Conway started searching for Mills on the afternoon of 16 January, after the MP had failed to turn up for a crucial vote in the House of Commons two nights before. With a security



Iain Mills: Lay undiscovered

guard, he found Mr Mills' body face down on the bed in his flat at a complex in Pimlico, central London.

Mr Knapman recorded a verdict of misadventure, saying that the alcohol level in Mr Mills's blood was "astonishingly high".

Peter Jerreat, a pathologist, said that Mr Mills's blood contained 472mg of alcohol per 100ml. Allowing for the effects of decomposition, he said, the level at the time of death was probably at least 400mg. The drink/drive limit is 80mg per 100ml. The inquest was also told that Mr Mills had been taking pain-killers for toothache, but these had not played a significant role in his death.

Mr Conway said that Mr Mills had been drinking when he last saw him at the Commons on 13 January. The MP he said, was often seen "round and about the bars" there, but had not mixed socially with his colleagues.

Outside the court Mr Conway said: "We were encouraging Iain to try and get a grip ... We knew he was drinking, but we had no idea it was in the order found by the pathologist." However, he added: "The reports ... from his constituency were that he was doing [his work] very well."

Mr Mills left a wife, Gaynor, who was not present at yesterday's hearing.

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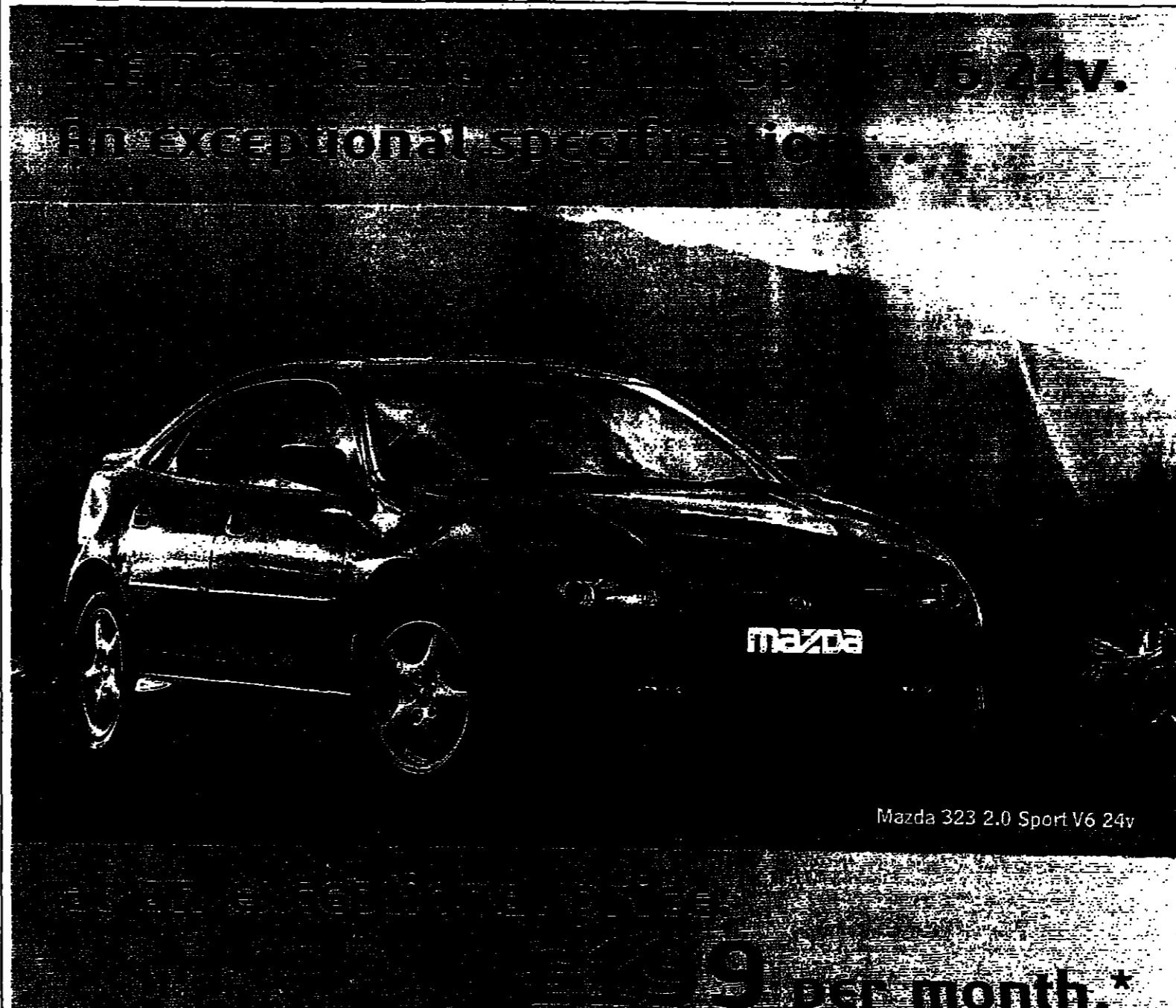
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news

Grammar tests will not help, say teachers

Schools denounce new exams as politically motivated

Judith Judd
Education Editor

Fourteen-year-olds will be asked to identify adverbial phrases and subordinate clauses in new tests released yesterday and designed to promote the teaching of formal grammar.

In spelling, pupils will be asked to spot misspellings of words such as "concentration" and "essential" and in punctuation they will be required to explain the use of apostrophes and paragraphs.

There will also be new 20-minute mental arithmetic tests for both 11- and 14-year-olds in which pupils will be given five seconds to write, for example, four-fifths as a decimal and to increase £60 by 5 per cent.

The questions will be read out on a tape by a BBC continuity announcer or by the class teacher. Both sets of tests will be piloted in schools next term and may be compulsory next year.

English teachers yesterday described the grammar tests as "politically motivated" and said they would do nothing to improve pupils' grammar.

Dr Nick Tate, chief executive of the School Curriculum and Assessment Authority, which released the sample tests, said that they were being introduced because of concern among employers, politicians and the public about "a pervasive sloppiness

in people's writing." He said: "We should be moving into an era of zero tolerance of poor punctuation, bad spelling and weak grammar."

The 30-minute English test will involve changing a noun, such as force, into an adverb or an adjective using a suffix and linking simple sentences together to make one logically ordered complex one.

There will be some questions which relate to literary criticism. For example, pupils may be asked to say how particular adverbs add to the meaning of a passage.

Dr Tate said good schools were already teaching pupils in a way which would enable them to succeed in the tests but evidence from national tests for 14-year-olds suggested some, possibly many, were not.

Some teachers would need retraining. The authority's survey of teachers' confidence about teaching grammar shows that they feel confident about paragraphing and using nouns, verbs and adjectives but less so about sentence structure.

Anne Barnes, general secretary of the National Association for the Teaching of English, said: "These are appalling tests. We have not focused enough on teaching children about grammar but the tests are probably motivated by political distraction."

"There is too much emphasis on using the right terminol-



Back to basics: Grammar and mental arithmetic tests will be piloted in schools next term and may become compulsory. Photograph: Martin Masons

ogy and correcting words is a very hit-and-miss way of teaching spelling."

The tests will mean that children who are good at learning

grammatical rules do better than those who can write expressively."

The association has advised all schools to think carefully be-

fore agreeing to take part in the pilot scheme.

So far only 30 per cent of secondary schools have volunteered for the English pilot

tests whereas 74 per cent have volunteered for the mental arithmetic tests.

Sixty per cent of primary schools have asked to take part

A test too far
You have 10 seconds to work out the arithmetic test as a decimal, never divided by 25. What is three divided by enough plus one?

These are two of the sample questions in this new mental arithmetic test for 14-year-olds that I helped to create yesterday. Overall, I scored only half marks.

What is the explanation? Is it that my primary education in the 1960s has failed me? I am not so sure. Overall, I scored only half marks.

Is it my education? Is it that my primary education in the 1960s has failed me? I am not so sure. Overall, I scored only half marks.

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Judith Judd

CBI calls for education funds revamp

Lucy Ward
Education Correspondent

Business leaders yesterday called for a radical rethink of education funding amid concerns that the present system does not give value for money.

The Confederation of British Industry weighed into the pre-election debate over the best use of existing funds in education with claims that cash could be saved through better use of teachers and resources and more efficient management.

Despite spending £36bn annually on education, the United Kingdom was still far from achieving government targets for 2000 on education and training which had already been outstripped by some of its international competitors, the CBI said.

In a consultation paper, *Does It Add Up?*, the confederation sets out proposals for reform of education funding. It calls for a debate over how greater value for money could be achieved, and whether the savings, and any extra funding, should be pumped into education.

The paper suggests efficiency could be improved by introducing an element of payment by results in schools and universities.

In schools, the payment could be based on the educational "value added" rather than exam results, ensuring schools in poorer areas were not penalised compared with those in middle-class areas.

Further education and sixth-form colleges already receive some funding according to students' success in achieving qualifications, and the Department for Education and Employment plans to extend that to school sixth-forms.

Schools doing particularly poorly should be able to bid for extra cash, the paper suggests. To win the money, they would have to show how more resources would be used to increase attainment, and would have to undergo an inspection by the schools watchdog Ofsted.

In higher education, the CBI proposes that would-be stu-

dents should be given a learning credit for tuition fees to bring them to the university offering them a place.

Universities would be able to charge top-up fees above the value of the credit, but, according to the paper, the need to attract students would encourage them to keep charges down.

The paper, which is being sent to politicians, local authorities, teaching unions and other interest groups, also asks for views on the option of investing more on primary and nursery education in order to save money spent later on helping struggling learners.

Tony Webb, CBI director of education and training, denied the document amounted to a criticism of the Government's management of the education system. "In terms of performance, we are doing a lot better, but we have still got a long way to go," he said.

"As things stand we are not achieving the full value for money we could achieve. As a consequence, we are not going to be as close to hitting the targets as we could be."

The Government went on the attack yesterday after a Labour education spokesman questioned the charitable status of "wealthy" public schools, such as Eton, Harrow and Rugby, writes Colin Brown.

The remarks, by Peter Kilfoyle, came as ministers announced Government support for an extra 1,200 assisted places, of which half will go to 118 preparatory schools from September this year.

Labour is committed to abolishing assisted places, which is costing the taxpayer about £200m a year to send about 34,000 children to private schools. But Labour denied that it had any plan to abolish the schools' charitable status.

Armed with Mr Kilfoyle's article, the Secretary of State for Education, Gillian Shephard, accused Labour of threatening the existence of the independent schools by taking away their charitable status.

Education+, The Tabloid

DAILY POEM

In the City of What Once Was

By Liliana Ursu (translated by the author with Adam J Sorkin and Tess Gallagher)

In the city of what once was, my brother tamed Sundays, and when he no longer could, when he no longer could, he'd gouge the shadows from the walls with the quicks of his nails.
In the city of what once was, I repaired clocks, and high in the tower I set the heavy iron hand to the fragile hours.
You would pick wild strawberries from the lip of the abyss.

A word, and we came crashing down.

The Romanian poet Liliana Ursu, born at Sibiu in Transylvania, published her first volume in 1977. She gave readings and worked in the US after Ceausescu's fall, but still lives in Bucharest, where she hosts a weekly literary programme on Romanian radio. "In the City of What Once Was" comes from her selected poems, *The Sky Behind the Forest*, just published by Bloodaxe (£7.95).

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international

Was Clinton wrong to offer donors coffee and overnight stays at the White House?



Bed fellows: Abraham Lincoln (left), whose ghost reportedly haunts the White House, used the room now known as the Lincoln Bedroom as his office and Cabinet room. Since Truman later made it a bedroom, where luminaries such as (clockwise, from top left) Jane Fonda, Ted Turner, Barbra Streisand and Stephen Spielberg have stayed, courtesy of Bill Clinton



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office and Cabinet room. Bess Truman
I have stayed, courtesy of Bill Clinton

nt set to publish
al papers amid
urore over funds

1990 election. This campaign was more expensive and started sooner in the electoral cycle than for any sitting president in history, cost \$1m (\$600,000 a week), later rising to \$2m, according to Mr Morris. Mr Gutfeld is said to have personally visited every spot. The total cost of the TV ads in 1992 was \$10m, but for this election, normal resources of the

As President, Mr Clinton will be able to make his own decisions on when to strike to amalgamate and reform. But the bill already being drawn by the

Angie (Hollywood legend) and the last are Sep Spectacles. Barbara Streisand, Linda Lavin, Tom Hanks, Alice Hirten and Richard Dreyfuss. Linda, Hirten, is the wife to the King, the fourth man in America, an authority on diet guru Deepak Chopra, who is advised that time on diet and exercise

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famous, and last yesterday
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and the means of securing
the right to be a member of
the League of Nations. Mr. Clematt
spoke on the latter. The Local
Confederation was never sold to
the League, he said, this week.

Four additional months of repre-
sentation will be given Vice Presi-
dent Wilson, he participated
on April 10th, in a luncheon at
Hauschka's, Berlin, to discuss
the various movements of the
League and its sessions, and
the rôle of the League in central Europe.
An American, which is
the name of a newspaper, has been
published in Berlin, supporting

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and the number of the
people who have
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David D. Murison

Uniquely among speech-forms descended from Old English, other than standard literary English itself, Scots exists in a huge corpus of written texts from all periods since the 14th century, and has a continuous literary history which includes many writers of stature and importance. Fittingly therefore, it is the only form of English (using that word comprehensively in its linguistic, not its political, sense) to have devoted to it two multi-volume dictionaries (one complete, the other almost so) conforming to the highest international standards of lexicography.

The *Scottish National Dictionary* (SND), which records the language from 1700 to the present century, is in 10 volumes and contains nearly 70,000 entries. In origin it is one of what was conceived, after the completion of the first edition of the *Oxford English Dictionary*, as a series of supplementary dictionaries treating regional or historical varieties of English in

more detail that the main dictionary could permit. It is not only the first completed, but by far the largest of the regional dictionaries, exceeded in scale only by the *Middle English Dictionary* and its Scottish companion the *Dictionary of the Older Scotch Tongue*. It is no denigration of the many researchers who have contributed over decades to this monumental work to claim that it is above all the achievement of one man: David D. Murison, its editor from 1946 till its completion in 1976.

Murison's education, at Aberdeen and Cambridge, was in the fields of Classics and of Celtic and Old English philology. This, combined with a native speaker's knowledge of the north-eastern dialect, which is still one of the richest and best preserved of Scots dialects, equipped him supremely well as a Scots lexicographer; and his linguistic erudition illuminates all his work. From his first academic post, that of assistant to

the Professor of Greek at Aberdeen University, he transferred in 1946 to deputy editorship of the *Scottish National Dictionary*, and shortly afterwards succeeded to the editorship on the death of William Grant, who had guided the project through the preliminary research and publication of the letters A to C.

In view of the small proportion of the dictionary's research team, and the chronic and sometimes critical financial stringency under which they operated, Murison's achievement in leading the project through 30 years of untiring effort can only be described as heroic. The SND itself became a grander work under his direction: physically the first two volumes are much thinner than the last eight, and the supplement with which the dictionary ends is a comprehensive rewriting for the earlier letters. Entries in the SND include detailed definitions with carefully chosen illustrative quotations for each sense of a

word, etymological information and notes on pronunciation, grammar and usage; and every entry was personally overseen by Murison.

A native of Fraserburgh, Murison returned to make his home there on his retirement in 1979. Accompanying him on a walk through that pleasant but – at first sight – not especially distinguished fishing port was a memorable experience: Murison could illuminate every street, almost every building, with an interesting story from its past. Neither retirement nor – latterly – declining health impaired his enthusiasm for Scotland and its language: articles and monographs on many aspects of the Scots tongue, Scottish literature and Scottish folk culture, and on the history of Fraserburgh, continued to appear under his name.

The last section of the *Scottish National Dictionary* is a supplement of addenda and corrigenda, introduced by Murison with a brief note stating that

a full revision of the dictionary "must be left to another generation of Scottish philologists, if such there should be". His doubts have proved unfounded. Scots linguistic study is now a well-established academic discipline and Murison's influence in this is immeasurable.

The sheer scale, as well as the quality, of his published output makes in one of the foundations on which all subsequent work in Scots philology must rest. Almost equally important, the inspirational quality of the man himself – genial, humorous, fascinatingly erudite, unfailingly kind and patient – gave encouragement to many students and younger colleagues. And it is certain that the now growing interest in the Scots language in primary and secondary, as well as tertiary, education, of which Murison would have wholeheartedly approved, is at least in part a result of the academic respectability of the language which he contributed enormously to re-establishing.

David Donald Murison, lexicographer: born Fraserburgh, Aberdeenshire 28 April 1913; Editor, *Scottish National Dictionary* 1946-76; married; died Fraserburgh 17 February 1997.

J. Derrick McClure

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Kenny Graham



Graham: 'the nearest thing we have to a real composer'

six by his father, a keen amateur, to play the banjo. "I could read music before I could read letters," he said. Soon switching to the C Melody sax, his father's second instrument, and then the alto, he had settled on the tenor by the time he became a professional musician in 1940. Drawn early to jazz, he nevertheless worked mainly as a dance-band musician for his first decade. Volunteering for the Army in 1942, Graham hoped to be enrolled in a service band, but the Army had other ideas. So did Graham. He dyed his flaming red hair black and went absent without leave, assuming the name of "Fax Kershaw" and working for the trumpeter Johnny Clae's Clapigons. Cornered eventually, he was

eventually demobbed after four miserable years.

The "name" bands Graham worked in included those of Nat Temple, Nat Gonella, Ambrose, Leslie "Jiver" Hutchinson, Eric Winstone and Jack Parnell. He also worked for small jazz groups like the Harry Klein Quintet, Victor Feldman's Sextet and the Feldman Club band before forming his own band, Kenny Graham's Afro-Cubists, in April 1952. An eclectic leader years ahead of his time, Graham chose to mix elements of what would today be known as World Music with the Bebop style into which his band naturally gravitated. Through acquaintances he made in the West Indian community in London in the Forties, Graham met writing. Some of the works he wrote for the Ted Heath Orchestra had Ellingtonian proportions and his *Beaulieu Festival Suite*, recorded in 1959, was a masterpiece. Ellington himself would have been proud to have created "The Abbey", an atmospheric piece of writing unmatched by a British composer until Michael Gibbs came along a couple of decades later.

Graham became ill in 1958 and gave up regular saxophone playing. But happily he then formed an unlikely alliance with the trumpeter Humphrey Lyttelton, who had graduated from being a traditional jazz player into leading his finest ever band, an octet which included some of the most gifted modern players of the day. The friendship between the two men lasted until Graham's death, and some of his finest work, written for Lyttelton, deserves an essay on its own. At a time when it seemed that Arts Council grants were being handed out like dolly mixtures, Lyttelton tried without success to arrange one for Graham, who would no doubt have used it to create immortal music.

"One Day I Met an African" was his best-known contribution to the band. It was another atmospheric piece which, again, Ellington would have been proud to have written. Lyttelton first recorded it in 1959, but it had a life of its own. First abandoned when the octet broke up, it became in demand on a BBC World Service request programme in 1980, and Lyttelton was compelled to record another version which Graham rearranged for his current band.

Contemporary listeners were agreed that the band was one of the most artistically successful of all British groups but despite concerts, broadcasts and recording dates it was a financial disaster and after two years Graham broke it up. He occasionally re-formed the band and kept the exotic rhythms in his playing, but, freed of the millstone of band-leading, he was able to concentrate on his

writing. Some of the works he wrote for the Ted Heath Orchestra had Ellingtonian proportions and his *Beaulieu Festival Suite*, recorded in 1959, was a masterpiece. Ellington himself would have been proud to have created "The Abbey", an atmospheric piece of writing unmatched by a British composer until Michael Gibbs came along a couple of decades later.

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specific musicians, "Adagio For David" for John Barnes, and "Ladyless and Lachrymose" for Roy Williams.

Graham composed music for film and later experimented with electronic keyboards. His most inspired work included an orchestral suite, *The Labours of Hercules*, commissioned by the BBC and given one performance on radio before disappearing for ever.

Graham had many gifts, and

was an expert in electronics, working at one time maintaining ticket machines on the London Underground. He was also a skilled amateur watch- and clock-maker.

I met Kenny Graham once, in 1979, through my friendship with Lyttelton. Thereafter we kept in regular touch by letter and by phone. By now he was working as caretaker in a block of flats in Putney and had become reclusive. He had to a large extent lost his inspiration and wrote music only rarely and then only at Lyttelton's insistence. I wonder how many postmen have lost their innocence while delivering to my home the postcards which Graham constructed. When he collected the newspapers and magazines abandoned from the apartments in his charge, he went through them, selected appropriate pictures and then assembled them on postcards and captioned them. He had perhaps the most outrageous sense of humour I have ever encountered.

Steve Vee

Kenneth Thomas Skingle (Kenny Graham), saxophonist, keyboard player, composer, bandleader: born London 19 July 1924; married (two sons, one daughter); died London 17 February 1997.

Exposed, they were arrested

Andrei Sinyavsky

After Alexander Solzhenitsyn, Andrei Sinyavsky was the most famous Soviet dissident. His 1966 trial in Moscow for – with Yuli Daniel – publishing abroad "anti-Soviet" satirical stories became sensational. He was sentenced to seven years' hard labour; the occasion marked the beginning of the modern dissident movement in the Soviet Union.

He was born in 1925 in Moscow, son of a party official who was arrested in Stalin's purge in 1951. He served as a soldier in the Second World War, survived, and graduated from Moscow University in 1949, a year marked by a new wave of arrests and strict censorship in arts and literature. For a while he worked at his own university until he moved to the Gorky Institute of World Literature, an arm of the Soviet literary establishment.

It was from this dark background that he started writing in tune with the official line – articles and essays on Akhmatova, Babel, Gorky and Pasternak. Three years after Stalin's death in 1953, during Khrushchev's so-called "thaw", when there was a hope for liberalisation, his article "What is the Socialist Realism?" appeared.

Written in defiance of censorship, it created a sensation in Moscow literary circles and with the world press. This encouraged Sinyavsky and his friend Yuli Daniel (three weeks his junior) both to write books and short stories which they sent to France through a woman who worked at the French Embassy in Moscow.

From 1959 on, even before Solzhenitsyn appeared in print, for a few years both the Russian and Western literary worlds were mystified by the sharply satirical anti-Stalinist *Fantasticheskii Mir Abramov Terza* ("The Fantastic World of Abram Terza"), and later appeared in the main countries of the West. He was released on 8 June 1971. Two years later together with his wife, Maria Rozanova, and his son, he received permission to leave the Soviet Union for France. There he was appointed to a professorship at the Sorbonne.

But in exile his celebrity status quickly lost its lustre. His two major books, *Progulka s Pushkinom* ("Walking with Pushkin", 1975) and *V Teni Gogola* ("In the Shadow of Gogol", 1976), were controversial and even received a hostile reception from Russians living abroad.

Feeling the lack of outlets for his views, in the late 1970s Sinyavsky, with his wife (always the driving force behind him), founded and published, from his own small publishing firm, a literary magazine, *Sintakos*, in which he published articles by himself and his fellow writers. He returned to Moscow under Gorbachev's perestroika in 1988, when his friend Yuli Daniel died.

Sinyavsky lived in a suburb of Paris from which he always managed to remain in the centre of Russian dissident literary life.

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From 1959 on, even before Solzhenitsyn appeared in print, for a few years both the Russian and Western literary worlds were mystified by the sharply satirical anti-Stalinist *Fantasticheskii Mir Abramov Terza* ("The Fantastic World of Abram Terza"), and later appeared in the main countries of the West. He was released on 8 June 1971. Two years later together with his wife, Maria Rozanova, and his son, he received permission to leave the Soviet Union for France. There he was appointed to a professorship at the Sorbonne.

But in exile his celebrity status quickly lost its lustre. His two major books, *Progulka s Pushkinom* ("Walking with Pushkin", 1975) and *V Teni Gogola* ("In the Shadow of Gogol", 1976), were controversial and even received a hostile reception from Russians living abroad.

Feeling the lack of outlets for his views, in the late 1970s Sinyavsky, with his wife (always the driving force behind him), founded and published, from his own small publishing firm, a literary magazine, *Sintakos*, in which he published articles by himself and his fellow writers. He returned to Moscow under Gorbachev's perestroika in 1988, when his friend Yuli Daniel died.

Sinyavsky lived in a suburb of Paris from which he always managed to remain in the centre of Russian dissident literary life.

Jeanne Vronskaya

Andrei Donatovich Sinyavsky, writer: born Moscow 8 October 1925; married 19 Maria Rozanova (one son); died Paris 25 February 1997.

beautiful church in Stoke-by-Nayland, of which he was a parson, but all Suffolk churches were to become his beneficiaries. He was an early supporter of the Historic Churches Preservation Trust. He also played a major role in the reconstitution of St James's Church in Bury St Edmunds as the new St Edmundsbury Cathedral.

A succession of illnesses during the last year of Rowley's life left him in too weak a state to combat the brutal infliction of a stroke. As he once observed in reply to an enquiry after his health, "Back to the place

where we all spend so much of our time: square one."

St John Gore

Joshua Francis Rowley: local politician and public servant; born 31 December 1920; Deputy Secretary, National Trust 1952-55; succeeded 1962 as seventh Bt; chairman, West Suffolk County Council 1971-74; vice-chairman, Suffolk County Council 1974-76; chairman 1976-78; Vice-Lord-Lieutenant of Suffolk 1973-78; Lord-Lieutenant 1978-94; married 1959 The Hon. Celia Monckton (one daughter); died Hadleigh, Suffolk 21 February 1997.

Sir Joshua Rowley Bt

was elected chairman of the West Suffolk County Council; the vice-chairmanship and, in 1976, the chairmanship followed of the newly formed Suffolk County Council. Rowley was responsible for the massive task of remodelling as one entity the two existing Education Departments of East and West Suffolk – by far the largest department of the council.

On his resignation in 1978, when he was appointed Lord-Lieutenant, his life became one of constant service to his beloved county. This was but an extension of his responsibilities in his village, Stoke-by-Nayland, where he was remembered as a strict disciplinarian.

which he had guided with a patrician sense of duty, and a concern, shared with his wife Celia, for the welfare of all who lived in it.

Joshua Rowley's interests might be described as those of an old-fashioned country squire. There was little change in his appearance between the portrait which hangs in his house of him as a rubicund child, a gun under his arm, and the well-built man he grew into.

If the land and the people came first, dogs were not far behind. Perhaps his favourite pastimes were field trials and shooting. His knowledge and

understanding of the countryside, of its open spaces, its wildlife and in buildings was extensive. There were few presentations, or indeed local societies, of which he was not president.

"Old-fashioned" is perhaps a dangerous epithet, but in so far as it suggests the maintenance of high standards, without short cuts, it is apt enough. In kitchen and cellar, rehearsed organisation of royal visits, only a Grenadier's orderly room procedure was countenanced.

A man of religious principles and unshakeable faith, he was concerned first for his own

family to family; to take an obvious example, a family of blind people would have greater needs than a similar family of sighted people.

Second, what were for any particular family to be regarded as necessities of life was a matter which permitted a very substantial margin of appreciation.

Third, it was the authority, not the court, which was charged with making that appreciation. The court would only quash on normal judicial review grounds.

In the present case it was perfectly clear the council asked itself the right question and set about assembling material to enable it to be satisfied whether the failure to pay rent was deliberate and whether it was caused by the inadequacy of resources to cover the necessities of life. However, the judge upheld the applicant's complaints that the council's inquiries were not detailed enough, and that it jumped to conclusions from the material it had which were not justified.

It was important to note, first, that what were the necessities of life might vary from

Paul Magrath, Barrister

council's homeless panel concluded that she could, but that she had spent what resources she had on less essential outgoings, such as paying tuition fees for a university course, maintaining a car and paying child-minding and nursery fees for her children.

Lia Giovanni (Paul Barber, Brent LBC) for the council; Terence Gilligan (Alexander & Partners) for the applicant.

A local housing authority had a very substantial "margin of appreciation" in deciding whether a person, who had been evicted from their home for non-payment of rent, had become homeless intentionally or whether the failure to pay rent was genuinely attributable to inadequacy of resources to cover the necessities of life.

The Court of Appeal allowed an appeal by the council and reversed a decision of Roger Henderson QC, sitting as a deputy High Court judge, quashing Brent's decision, communicated in a letter of 24 January 1994, that the applicant was intentionally homeless.

The applicant, Ms Baruwa, became homeless after receiving a notice to quit rented premises for non-payment of rent. She claimed that she could not afford to pay. The

council's homeless panel concluded that she could, but that she had spent what resources she

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Never mind the clear blue water

It is 'dotty' to choose a policy just because it is different from your opponent's. The Tories should act for the nation and not be driven off course, Douglas Hurd tells Donald Macintyre

Douglas Hurd is baffled. An outraged Sir Yehudi Menuhin is quoted in a newspaper diary as complaining bitterly that a "senior Tory", confidently identified as Hurd, had been rudely referring to the "Germans as if they were present-day enemies". This is supposed to have happened at a ritzy lunch at Menuhin's music school at Gstaad. But it is a case of mistaken identity. The former Foreign Secretary has sent a postcard to the young man - "I presume he's a young man" - who wrote the item. He laughs. "Good heavens, what would I be doing in such a *galère*, a choice lunch with music teachers in Gstaad?"

And it hadn't sounded quite right. Hurd is one of the few senior Tories inclined to understand foreigners a little more and condemn them a little less.

He is angry about xenophobia in his own party. And especially about the lie that Germany is trying to do through the EU what it failed half a century ago to do by military means. Helmut Kohl's project, whether you agree with it or not, is the opposite: to make, as Kohl himself has frequently put it to Hurd, "a more European" and not "Europe German".

Such "very disagreeable" nonsense, he says, "weakened" Britain: it means our ability to make legitimate criticisms of Germany "is reduced greatly by this kind of rubbish which of

course is reported back in their own papers".

"Our influence in Europe would be much greater if we spoke about France and Germany as they are. They've got problems. They are both larger economies than we are and they're trying to do, albeit rather belatedly, the things we had to do. And it's in our interest that they should succeed."

Hurd himself has "never been a fan of the single currency". But he defends their strident Eurosceptic Tory critics - the right of business such as Unilever's Niall Fitzgerald to call for British EMU membership. And in a speech to LSE students today he will launch another strike against the party's Eurosceptics by insisting on the paramount importance to Britain - inward investment included - of the single market.

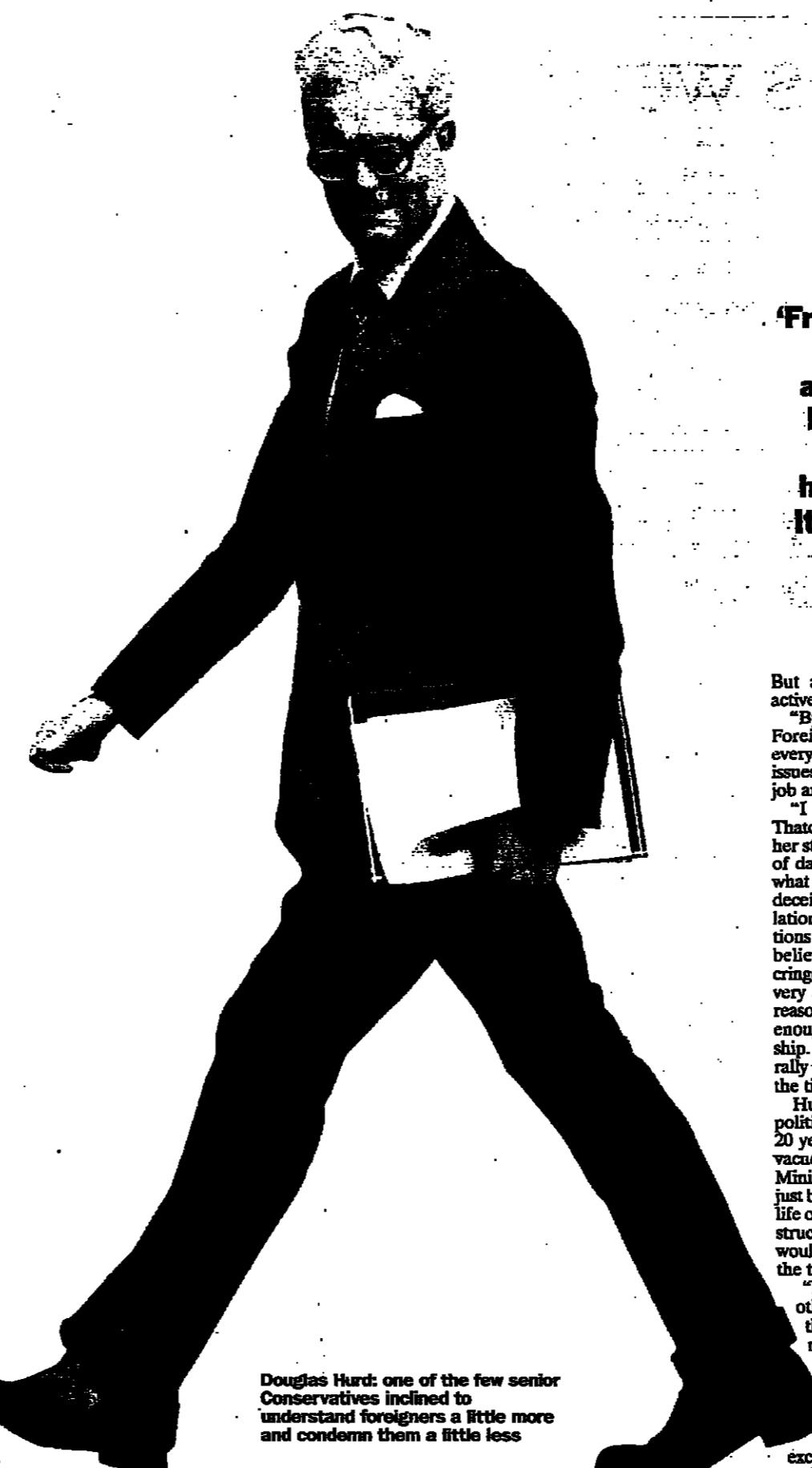
Hurd is busy. NatWest director, Chairman of the liberal Prison Reform Trust from November. Writer (he has just finished another novel). And maker of a BBC television series interviewing international figures. So who most interested him in his time as Foreign Secretary?

"Mitterrand, Delors and Gorbachev were all outstanding people. People of substance who had thought and studied and acted. That's quite compatible with disagreeing with them. Mitterrand had a mixture of courage and guile, in which the guile sometimes predominated."

What about Boris Yeltsin? "Whereas Gorbachev moved by reason from one position to another, Yeltsin doesn't appear to move by reason. He's in one position and he hangs - literally hangs - on the table. And then time passes and talk continues and suddenly he's in another position - with equal emphasis, with no recognition that he's shifted. He's swayed by political instinct which are very shrewd. So he's formidable in Russian terms but quite different."

Which brings us back to Kohl. At one time Margaret Thatcher got on so badly with Kohl that she judged it better if it Hurd dealt with him directly. So he knows him well. Was Kohl's authority in Germany, beleaguered by rising unemployment, and doubts about the single currency, now on the brink of terminal decline? "I do feel he's been at this stage before - when he's been written off. He's a man of great resilience. One of the demeaning things about the British debate is the caricaturing and sending up of Helmut Kohl. Everybody who knows anything about Germany knows it's nonsense."

But, says Hurd, Kohl "doesn't see the reefs under the water... the continuing attachment of people to their nation. He doesn't see the rocks below the surface and I think he's getting quite close to them. Pushing for the single currency with such vehemence..."



Douglas Hurd: one of the few senior Conservatives inclined to understand foreigners a little more and condemn them a little less

France and Germany are doing, belatedly, what we had to do. It is in our interest that they succeed'



But all prime ministers are active on foreign affairs.

"By the time I became Foreign Secretary she knew everybody, she knew all the issues. She was on top of the job and fascinated by it.

"I suppose Margaret Thatcher came to grief because her style of leadership was out of date. I'm still surprised by what happened in 1990. I had deceived myself. All that adulation. All those fearful ovations at party conferences - I believed in it. It made me cringe but I believed in it. I was very surprised. I suppose the reason was that people had had enough of that style of leadership. John Major had a naturally different style, for which the time had come."

Hurd laments the decline in political culture over the past 20 years - exemplified by the vacuous bear garden of Prime Minister's Questions. He has just been reading Leo Amery's life of Joe Chamberlain, and is struck by how 12,000 people would turn up to meetings in the tariff reform struggle.

"Politicians tore into each other. And people enjoyed that. But they don't any more." Talking to young audiences, he invariably gets asked the "same befuddled question: 'why do you behave like that?'"

And it's not much of an excuse to say that the *Daily Mail* or *The Daily Telegraph* tell us that's how to behave."

He is quite preoccupied with the press. "It's a pity that the five papers that Conservatives usually read have all gone sceptic [on Europe]. I wouldn't mind that so much if it was just their leading articles and their commentators. But it's the slanting of factual reporting that's so serious. It is a pity that it is so difficult to get an actual account of what was said and done yesterday in Paris, Bonn or Brussels. In most cities - New York, Washington, Bonn or Paris, you can get that. But it's extremely difficult to get here and that used not to be the case."

He claims the Tories can still win the election. And he dismisses the idea Tony Blair has changed the soul rather than just the image of his party. Blair has "winded" his own party and "one effect of being winded is that you are rendered temporarily speechless". That would all change, he insists after an election victory.

The best answer to New Labour, he says, is to criticise the "bogusness" of its climb aboard the Tory ship. "I think the dottiest answer is the clear-blue-water answer. You choose

a policy because it's in the nation's, or the party's best interests, your opponents pay you the compliment of climbing aboard, and then the first thing you do is to take to the boats and row off you don't know where just to be distant."

But hang on. Isn't this just what Michael Howard has been doing on crime? Well, crime is one of those issues "not best suited to the ordinary comings and goings of partisan, party political warfare".

But surely that is just what Howard has been waging? "Taunting Labour at every turn?" "Yes I think he has." Hurd agrees with a "lot of things" Howard has done, including the restrictions to the right to silence. But he adds: "I just think we should be a little careful of treating the criminal justice issues as essentially partisan ones which can best be carried forward in an adversarial way."

He was invited to take the post - in succession to Jon Snow - at just the moment that he was taking flak for his moderate criticisms of Howard's Crime Bill. Prison, he says, is certainly about punishment, deterrence and incapacitation. But the incapacitation isn't for ever. If you lock more criminals up, then more, in time, are going to come out and on to the streets. "So the fourth point of prison is rehabilitation."

This is hardly a new idea, though he is surprised how many people think it is. "It won't always work. But there are enough prisoners who are illiterate and innumerate and are on drugs, to make you think that an effort should be made. They've got a better chance of going straight afterwards which is better for them but also better for the public safety."

He is "nervous" about what would happen to either Labour or the Tories in defeat. The Tories have to guard against, first, abandoning their one-nation past, and second, their xenophobic tendency, which "when I started was mainly an anti-immigrant tendency. But some of the same media, some of the same institutions are now turned against the Germans or the French."

And in a last magisterial rebuke to those on the Tory right relishing the prospect of a post-defeat ideological struggle, he says: "I think the idea that parties behave best in opposition, and that you need time to sort yourself out, is a very improbable thesis."

Margaret Thatcher had views about Germany "which were plain wrong". She had been, Hurd thinks, partly "gulled" by Mitterrand and Gorbachev into opposing German reunification. "She is a genuine searcher after truth... But she started with and perhaps still has, views about the Germans which were actually mistaken. And he had views about her which were mistaken. So they weren't made for each other."

What were Kohl's mistaken views about Thatcher? "He thought, wrongly, that she hadn't sufficiently studied history."

But had Britain ever really understood the Franco-German vision of the EU keeping the European peace? Hurd says it is a plus rather than a minus for Britain "that these two countries - after all their enmity has done us all a great deal of harm - should now be permanent friends. But that friendship doesn't confer hegemony. It was right to block the appointment of Mr [Jean-Luc] Dehaene because it was hatched out of the Franco-German nest. And that was not the right way to choose the President of the European Commission".

Hurd says we are closer to France than Germany is on foreign policy and defence, and closer to Thatcherite. We should be able to make something of that, but not if we keep yah-boeing about it."

Working for Thatcher could be "maddening" because she started discussions "with a statement which might or might not be well-founded". But

It's a pity that the five papers Conservatives usually read have all gone sceptic

Douglas Hurd

Germany than France is on trade. France, he says, still has "protectionist longings". "So we should have different partners for different dances, but the nature of our debate makes us a wallflower too often. Our economy is clearly in a good state compared to the continental ones. And they know that they're having to do things which once they would have denounced as

worked fine on the whole, he says. She had the "humbling" effect of showing Hurd and others that "it was possible to do those things which I had really despised of". Like dealing with the unions and curbing inflation. And her mind could be changed if you made the effort. She largely left Hurd alone at the Home Office - except to promote her free-market views on broadcasting.

Everything must go in the Tory party sell-off

A very important announcement by the Treasury.

We are pleased to announce today that after the general election there will be a total break-up of the Tory party prior to its sale to the public.

For years the Tory party has served the country well as a method of enriching those who have had the sense to join it, and as a method of governing the country when no other method had been available.

Now, however, the whole Tory party is creaking with age and overuse. Severely underfunded and under-maintained, it has been threatening to come to a complete halt in recent years. Corruption and bureaucracy are rife, and large sums of money have gone mysteriously missing. Reports on its decline have been commissioned and studied, but none has been acted upon.

Therefore it is felt to be time that this historic institution was completely overhauled and subject to a new rush of blood to the head.

Accordingly, after the general election the Tory party will be split up and sold off in many different sections.

The range of possible investments is too vast to enumerate here, but as a pointer we would like today to list some of the most attractive units of the Tory party, which will be certain to attract private funds.

1. The Home Office.

This magnificent institution has an unparalleled record in building large mansions in remote parts of the country for the locking up of people who may or may not have committed crimes.

The present director, Mr Howard, has been applauded for his success by publications as different as *The Sun* and the *News of the World*. A previous employee of Mr Howard's, a Mr Derek Lewis, says: "My experience in Michael Howard's early-release-from-duties programme has taught me a lot about the world. Am I a reformed character? Well, I certainly wouldn't want

to go back in the Prison Service in a hurry!"

2. Jeffrey "Lord" Archer.

Do you want a speech by an "Oxford" graduate at a moment's notice? Do you want someone to come to a fund-raising dinner at short notice?

3. Dr Brian Mawhinney.

Do you need some trouble sorting out? Got a spot of bother? Are some people being a real nuisance? Do you need a hard man to come round and sort them out?

4. The National Curriculum.

Self-contained body of

knowledge. Contains all you

need to know about the

things that the Tory party

considers important, for

example, publicity,

marketing, and always

answering a different

question if you don't like the

one you have been asked.

5. The Douglas Hogg.

For a dozen years the Tory party has been conducting genetic experiments to see if they can come up with a politician who never resigns, never admits fault, never understands, never goes to Brussels when asked to and never knows when he looks stupid in a hat. This is the closest yet.

6. The Millennium Fund.

Loads of money! No discernible purpose! Could all be yours!

7. Quangos galore!

Over the past dozen years the Tory party has constructed hundreds of thousands of small, almost undetectable quangos, which are designed to go on running the country should anything ever happen to the Tory party, such as an adverse election. They will be much in demand after the general election. Or get one now at reduced cost - free knighthood comes with every one!

Send a stamped, addressed envelope now for the complete mouth-watering list of goodies on offer. Remember - everything must go after May.

She's the one

A film about love, marriage, happiness... and the little distractions in between.

JENNIFER ANISTON MAXINE BAHNS EDWARD BURNS CAMERON DIAZ JOHN MAHONEY

terrific **comedy**
"a good old fashioned romantic comedy" **THE TIMES**

dead funny **TOP OF THE POPS**
"an engaging and enjoyable film" **LEADER**

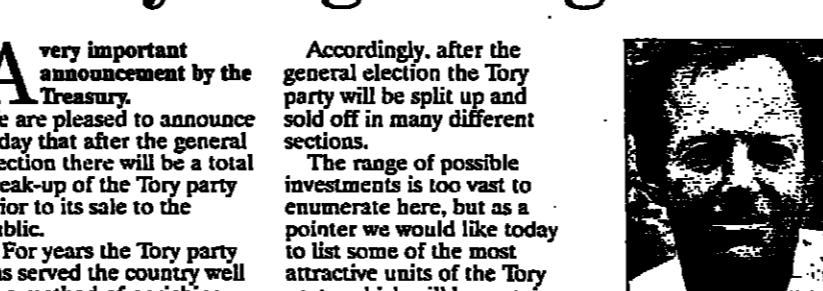
it's wild and funny **SMASH HIT**
"a charmingly intelligent comedy" **BARRY NORMAN - FILM 57**

an engaging and enjoyable film **LEADER**
"it's wild and funny" **SMASH HIT**

A New Film From The Director of "The Brothers McPhee"

SOUNDTRACK ALBUM FEATURES 15 NEW TRACKS BY TOM PETTY AND THE HEARTBREAKERS

NOW SHOWING AT CINEMAS ACROSS THE COUNTRY



Miles Kington

to go back in the Prison Service in a hurry!"

2. Jeffrey "Lord" Archer. Do you want a speech by an "Oxford" graduate at a moment's notice? Do you want someone to come to a fund-raising dinner at short notice? Do you want a best-selling novel written by this time tomorrow? Do you want someone to hand over a largish sum of money to a prostitute on Victoria station and can't make the gig yourself? Do you want the House of Lords made a laughing stock?

هذا من الأصل

business & city

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BUSINESS & CITY EDITOR: JEREMY WARNER

Allied pubs pull the plug on Sky-high TV costs

Tom Stevenson
City Editor

Allied Domecq is axing Sky from 200 of its branded pubs in protest at the high price being charged for the service. The move is the latest in a line of similar withdrawals by big brewers, who represent one of BSkyB's largest sources of viewers for its sports channels.

Martin Gribble, marketing director of Allied Domecq Leisure, whose pubs include Big Steals pubs, Wacky Warehouses and the Firkin chain, said the

cost to landlords of providing Sky had increased substantially in recent years to the extent that it was no longer viable in many of its pubs.

Allied Domecq Retail and its sister chain of community pubs, Allied Domecq Inns, together run 2,500 pubs of which about 1,000 currently offer Sky. Mr Gribble said he expected one-fifth of the branded pubs to withdraw the service following big recent hikes in the monthly subscription charged to publicans. The community pubs, which tend to have a younger, male customer base, are

thought unlikely to follow the family pubs and will swallow the higher prices.

Commercial subscribers pay a much bigger monthly fee than domestic users to access BSkyB's package of channels, with bands based on the rateable value of their premises rising up to well over £100 a month compared to a typical household package costing £17.99. Domestic subscribers are contractually banned from showing programmes for profit.

Allied's decision to take on Sky follows similar moves by Bass, Greene

King, Scottish & Newcastle and others. A spokesman for Bass said yesterday: "We are certainly not happy with the prices being charged by Sky. The customer base has to justify the cost and if that deteriorates we will pull the service."

A year ago furious publicans reported Sky to the Office of Fair Trading over what they claimed were huge subscription increases. Some said they had been asked to pay more than 10 times as much as three years ago when the service was in its infancy and desperate to attract viewers.

Now it has become a success, landlords claim, Sky is putting a squeeze on landlords, who accuse the company of adopting "bullyboy" tactics to extract payment. Some have accused BSkyB salesmen of posing as customers to phone pubs to ask if certain football or boxing matches will be shown on Sky. If licensees say yes, the callers identify themselves and threaten to cut off the pubs unless the fees are paid.

In other cases, it is alleged, BSkyB "spies" have been sent to pubs which have applied for Sky giving just their street number and address in order

to pay only the normal household rate. Other scams perpetrated by pub owners in order to get round the higher price charged to commercial users have included pub buying special dishes that allowed them to pick up Premier League matches as they were beamed live on Saturdays to viewers in Norway. Once British licensees had fixed a £40 dish they were able to tune into the matches free.

BSkyB maintains that its new pricing structure linked to rateable values represents a fairer system than the previous flat rate.

Aerospace group reveals surge in profits but dampens hopes of a merger with GEC to create £16bn defence giant

BAe casts fresh doubt on Airbus super-jumbo

Chris Godsmark
Business Correspondent

British Aerospace yesterday added to growing doubts about whether the European Airbus consortium, in which it has a 20 per cent stake, should push ahead with plans to build a huge 600-seater "super-jumbo".

The news came as BAe revealed a better than expected 38 per cent surge in profits for 1996 to £45bn, crowning its position at the top of the European defence industry efficiency league. However the group dampened speculation of a merger with General Electric Company (GEC) to create a £16bn giant to dominate the UK defence business.

BAe's scepticism about the Airbus super-jumbo project, codenamed A3XX, comes after Boeing last month scrapped plans to develop a stretched version of its 7-7 at a cost of up to \$7bn. Boeing, which has a monopoly of the jumbo market, has withdrawn Airbus's claim that the A3XX would cost \$8bn to develop, putting the figure at \$12bn.

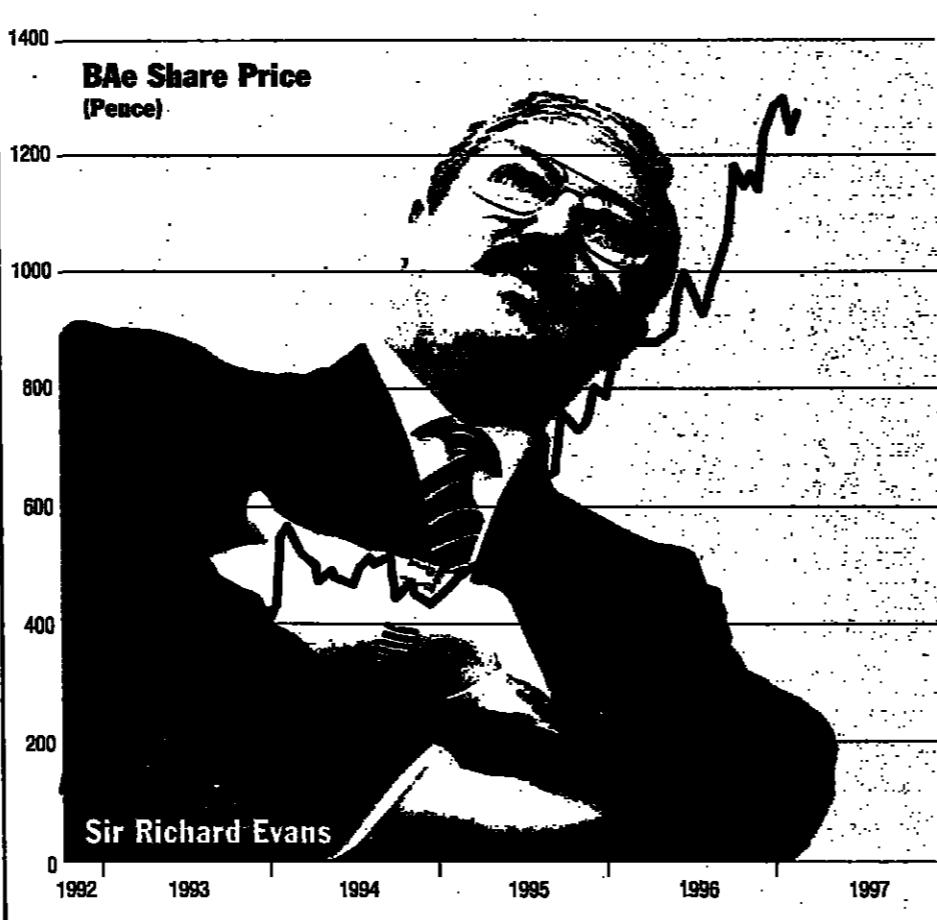
Sir Richard Evans, BAe chief executive, warned: "It's likely Airbus thinking will be adjusted to take into account the current Boeing thinking, but we've

seen no definite proposals from Airbus management ... We're not queuing up to put seven to ten billion bucks on the table." He urged Airbus to concentrate on developing an enlarged version of the existing A340, to compete with Boeing's successful 777 long-distance airliner.

Sir Richard said the commercial case for building the A3XX, which would seat passengers in a "double-decker" formation, had not been fully developed. British Airways has been notably cool on the chances of placing an order for such a plane.

Sources pointed to a vigorous debate going on inside BAe over the economics of building the A3XX with Mike Turner, head of commercial aircraft, apparently warming to the idea while Sir Richard has become increasingly hostile. Mr Turner explained: "I think Boeing have done exactly the right thing. They have a monopoly. Why spend \$7bn on a monopoly?"

While the discussions continue, Airbus is moving towards becoming a fully-fledged commercial company in 1999, ditching its consortium status which Sir Richard said had become "a nonsense" in practical terms. A memorandum of understanding was signed last month by the



Aerospace partners, including Aérospatiale of France, Daimler-Benz of Germany and Casa of Spain.

BAe also made clear that completing the restructuring of Airbus was the key to a broader rationalisation of the European defence industry and would underpin longer term discussions with GEC. "We're talking to everybody at the moment and that includes GEC,"

Sir Richard said. However he emphasised that the confused network of alliances emerging in the European defence sector meant it

was not yet right to take such a fundamental decision to integrate with GEC. However Richard Lapham, BAe's finance director, added: "If you don't talk to everybody in this industry you won't know when the opportunity arises."

Negotiations are going on with at least five European companies and another sign of BAe's resilience in the defence market, five years after the business was on the verge of financial collapse. Five years ago, as a landmark £1bn restructuring provision was announced to tackle huge losses in its com-

mercial aircraft operations, the shares briefly touched £1.

Since 1992 the share price performance has been spectacular. The regional jet operations were drastically slimmed down and later partly merged into the A1(R) joint venture with Aérospatiale and Alenia of Italy. Last year BAe shares were one of the stock market's star performers, rising by almost 60 per cent. Further encouraging news included the £1bn merger of its guided missiles business with Lagardere of France, a £1.9bn order for Nimrod 2000 early warning aircraft

and a £1bn contract with the Australian air force to supply Hawk training jets. However yesterday the shares fell 19.5p to 125p.

The main drain on BAe's bank balance continues to be the commercial aircraft division, described yesterday as "still very difficult". Undisclosed profits earned from the group's work building wings for Airbus jets were yet again more than offset by losses from the Jetstream propeller plane operation. BAe's commercial aerospace operations lost £78m in 1996, compared with £118m in 1995.

The future of the Jetstream business, based in Prestwick near Glasgow, is under review and Mr Evans confirmed that one option was total closure.

Production capacity has been slashed from 20 aircraft to 10, with 12 on the order book. Meanwhile defence sales remained the core of BAe's profitability, rising by 18 per cent last year to £5.34bn. Last week BAe reduced its stake to 21.11 per cent raising more than £20m.

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McDonald's launches US fast-food price war

David Usborne
New York

Scaling from hot competition from Burger King, owned by Grand Metropolitan, the McDonald's Corporation is preparing to unleash a fast-food price war in the US beginning with a rock-bottom 55-cent (35p) sale on its Big Mac burger.

Dubbed "Campaign 55", the sales effort will be pitched by management to its franchisees today. The company, which is striving to reverse a recent slippage in market share, will also propose giving a free meal to any customer who does not receive their order within 55 seconds of placing it.

The move could trigger a price-cutting tidal wave throughout the US fast-food industry. Shares of several of the leading players, including McDonald's and the other main burger chain, Wendy's, both dropped on the news yesterday. Shares in Grand Metropolitan, meanwhile, slid 16.5p to 47.7p.

For US consumers, on the other hand, it could spell a fast-food bonanza. Almost no one with a taste for burgers will miss out: McDonald's alone, with its 12,200 US-based restaurants, has for years been a virtually omnipresent feature of the American urban landscape. It has the twice the number of restaurants of Burger King, the US number two.

McDonald's may, however, face an uphill fight selling the campaign - which derives from 1955, the year of the company's foundation - to its franchise operators. Currently a Big Mac is priced at \$1.90. The promised 55-cent price would be rotated between the Big Mac and the still-more-expensive McRite and the Arch Deluxe meals.

For the campaign to happen, it must win the support of a majority of franchisees in each US marketing region. With the cost of producing a Big Mac put at 62 cents each, most outlets will face losing profit in the venture.

The company has told its restaurants, of which 80 per cent

Liffe's early trading plan hits buffers

John Willcock

Liffe has put on hold a plan to open half-an-hour earlier in the morning because there is inadequate demand for it - and the creaking public transport system couldn't bring the brokers in at that time, anyway.

Daniel Hodson, chief executive at Liffe, said yesterday that the market had undertaken a study to see whether opening at 7 instead of 7.30am might enable it to compete more aggressively with continental exchanges and options markets

like Paris and Frankfurt. Mr Hodson said: "After studying the idea we decided that there was no market demand for opening at 7am. Also, there was the additional cost of opening half-an-hour earlier, and the transport question." Mr Hodson himself is keenly aware of the "transport question", as are the 3,000 odd brokers who commute into Liffe's City dealing rooms in Cannon Street every day. He lives in Petersfield, Hampshire, and the first train available to him is the 5.50am, which gets into London at 6.50am.

That means I would get into the office just after 7am,"

Mr Hodson said.

There is also the question of the deteriorating public transport infrastructure in the South-East of England. Last week South West Trains, which runs services into Waterloo, enraged City commuters by cancelling 30 trains a day because it had sacked too many drivers since privatisation.

It is currently putting the final touches to the biggest bogie in Europe, a cloaking room in Cannon Street to serve its 3,000 brokers.

fers as the claimant to the title of Europe's financial capital.

Frankfurt has a gleaming underground system which operates with typical Teutonic efficiency. The Parisian Metro is subsidised so heavily by the French taxpayer that everyone gets to travel free on Fridays.

There is one area at least in which Liffe can claim European leadership.

It is currently putting the final touches to the biggest bogie in Europe, a cloaking room in Cannon Street to serve its 3,000 brokers.

But a shift away from the RPI could be hastened by additional doubts that the existing UK measure overstates inflation in the same way as the US consumer price index. A Bank of England working paper last March estimated that RPI inflation could be overstated by 0.35-0.8 per cent a year.

A report in December known as the Boskin Report after the chairman of the commission that wrote it - claimed that inflation in the US was overstated by 1.1 per cent because measured prices failed to take account of several ways in which the cost of living had fallen.

However, some critics in the US claim the Commission exaggerated its results. It had every incentive to do so because a rate of inflation lower by 1.1 per cent could save up to \$1 trillion (£61.3bn) on inflation-linked social security payments between now and 2008.

Diane Coyle, page 24

Head of Sumitomo 'repents' by quitting

Richard Lloyd Parry

Tomiochi Akiyama, chairman of Sumitomo Corporation, yesterday resigned as a sign of "repentance" at the company's £1.6bn copper trading losses.

The announcement accompanied an admission by the president of Sumitomo, Keiji Miyahara, that the company first learned "some facts" on the

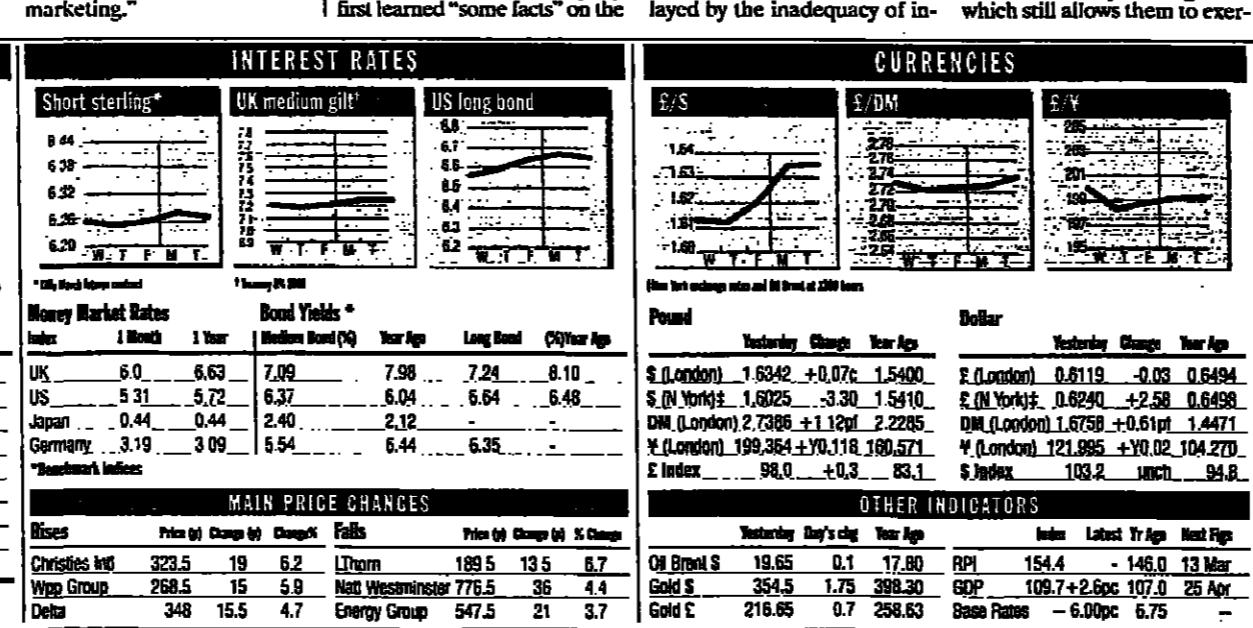
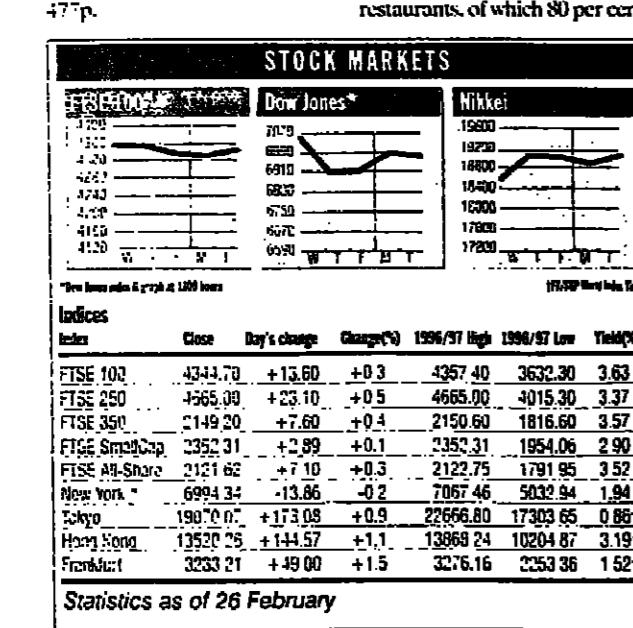
activities of its former head of copper trading, Yasuo Hamanaka, from a *Panorama* programme broadcast by the BBC last week. Last week Mr Hamanaka pleaded guilty to fraud and forgery in the Tokyo District Court.

Mr Miyahara said the company's internal investigation would take "several more months", and had been delayed by the inadequacy of in-

formation in internal Sumitomo documents.

In a letter to the company's New York lawyers, Mr Akiyama said that Sumitomo "showed itself to be a model for international corporate behaviour" in its handling of the affair.

Japanese executives often respond to scandals by resigning, although in many cases it is little more than a symbolic gesture which still allows them to exer-



cess power behind the scenes.

Mr Akiyama has been ap-

pointed an "adviser". Asked what his new salary would be, a spokesman replied, "We are not obliged to disclose that."

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Inflation shows sharp fall on new measure

Yvette Cooper and Diane Coyle

The UK's chances of meeting the Maastricht criterion on inflation were given a boost yesterday, when the Office for National Statistics (ONS) published a new and sharply lower measure of UK inflation, which was calculated on the same basis across Europe.

The harmonised index of consumer prices (HICP) rose by 2.2 per cent in the 12 months to January, 0.9 percentage points less than the target measure of inflation, which is 3.1 per cent.

Leo Doyle, an economist at Dresdner Kleinwort Benson, said: "It looks a pretty solid bet now the UK will meet the Maastricht criterion on inflation."

At the same time it emerged that the Treasury and Bank of England have both become concerned that the current UK retail price index (RPI) overstates inflation. An investigation has been launched to discover whether it is biased upwards in the same way as the US consumer price index.

The drop in the HICP compared to the current UK measure caught analysts by surprise. But Mr Doyle said: "The method of calculation is very different." Unlike the RPI, the HICP includes air fares, new cars and computers - all of which are particularly sensitive to deflationary pressures, so would be expected to push the European index down compared to the RPI.

The ONS said that the European measure also used a different statistical method to calculate average price increases, which reduced the new inflation measure.

The future of the Jetstream business, based in Prestwick near Glasgow, is under review and Mr Evans confirmed that one option was total closure.

Production capacity has been slashed from 20 aircraft to 10, with 12 on the order book.

Meanwhile defence sales remained the core of BAe's profitability, rising by 18 per cent last year to £5.34bn. Last week BAe reduced its stake to 21.11 per cent raising more than £20m.

Comment, page 21

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COMMENT

The effect of the two initiatives – council and committee – may well be to produce a dangerous, Treasury-inspired fudge in decision-making.

Indeed it is reasonable for the City to suspect that this is actually Mr Brown's intention.

This could be a backward step for the Bank

It seems the "Ken and Eddie" show is going to be replaced by the "Council and Committee" show. Somehow Labour's proposed arrangements for the determination of monetary policy don't seem to roll off the tongue with quite the same ease, but that's exactly how Gordon Brown intends it. He wants to take the personalisation out of the interest rate decisions won't be entirely removed, decision by committee of both Bank and Treasury will in future be much more the name of the game.

There will be Mr Brown on one side with his council of economists to advise him. On the other will be Eddie George, or whoever replaces him when his contract comes up for renewal in May 1998, advised by a monetary committee only half of whose members will be drawn from the Bank of England's existing staff. The rest will be outsiders, though the Bank has managed to persuade Mr Brown they should at least be acknowledged experts in the field of monetary policy. Technically these four will be Bank of England appointees. In practice they will be Mr Brown appointees, for in the real world the Bank is unlikely to opt for the City if the Chancellor doesn't approve of.

At this juncture it is hard to tell whether any of this is much of an improvement on the present arrangements. The City is certainly right to believe that in practice they may well not be – that they could mark a retreat in progress towards full Bank of Eng-

land independence rather than an evolution towards it. This is why, bolstered by his council of eminent economists, it will be much easier for the Chancellor to ignore or sideline the Governor's advice on monetary policy. If the Chancellor disagrees with the Bank, he can point to his council and claim they are more right than the Governor.

Moreover, the formation of a monetary committee staffed by outsiders risks homogenising and diluting the advice it gets from the Governor. The idea of having the outsiders is a reasonable one in theory for it is intended to make the Bank's advice on these matters more representative. The concern with advice as presently formulated is that it is determined by too small a clique of Bank insiders, who are unduly influenced by the prejudices of financial markets.

There's another side to the coin here, however. At this stage in Britain's attempt to throw away the habits of a lifetime and establish credibility as a low-inflation economy, it is actually necessary for the Governor to be hawkish in his views, to err constantly on the side of caution and to advise strongly against risk-taking in monetary policy. The outsiders are likely to be more balanced and doves in their approach, if not quite as reckless as some in the City fear they may be. It can readily be seen that the effect of the two initiatives – council and committee – may well be to produce a dangerous, Treasury-inspired fudge in decision-making. Indeed it is entirely reasonable for the City

to suspect that this is actually Mr Brown's intention here.

All that guff about the Bank needing to "earn" its independence, as if the Bank is more likely to play fast and loose with monetary policy than the Treasury, is actually code for saying by all means let's have an independent Bank but not yet. These arrangements are no substitute for an independently determined monetary policy.

They should be seen for what they are – a clever way of perpetuating the status quo and for rooting power where the politicians like it to be – firmly in their own hands.

Lord Weinstock's missed chance

A s Lord Weinstock, former managing director of GEC, settles into retirement, there will be one regret that continues to play on his mind – why on earth didn't he buy British Aerospace five years ago when he had the chance? So bombed out and distressed did the company then seem, that he probably could have picked it up at little more than £2 a share. Furthermore, the company was in such a parlous financial state, that he could convincingly have argued that without him there was a fair chance of the company going under – in other words that the Ministry of Defence and the competition authorities should lift their objections to the creation of such a defence monster for the sake of

safeguarding jobs and technology. Quite why he didn't will have to await the judgement of the several biographies now being written on the great man. Whatever the reason, it was with the benefit of hindsight, a quite spectacular piece of ill-judged caution.

British Aerospace shares now trade at more than £12 and the company has earned a well-deserved reputation as the golden boy of the European defence sector. Luck and politics have played a fair part in that transformation. Barely a day goes by when Sir Richard Evans doesn't thank his lucky stars that he sold Rover to BMW, thereby off-loading what would now be a huge problem were it still in the BAE stable. But there has also been bold graft and painful decisions.

The challenge for the future is going to be to build on this success in what continues to be a rapidly shrinking world defence market. Pushing through the incorporation of Airbus is only a small part of the restructuring that BAE now needs to spearhead in Europe's still fragmented and deeply inefficient aerospace industry.

The Japanese market corrected, this proved a wise strategy. Many expect the same situation to be demonstrated in North America shortly.

The other mistake made by some, to move out of UK equities too early, was not repeated across the market. There was only a gradual rise last year in cash holdings. The super-bears like PDMF will eventually be right. But for UK stocks, it is hard to make a case that their timing was wise.

Renewed Greenspan fears rattle markets

Rupert Cormwell
Washington

The chairman of the Federal Reserve, Alan Greenspan, rattled world markets yesterday by voicing anew his misgivings about surging share prices in the United States, and giving his clearest warning yet that interest rates might have to rise soon to keep inflation at bay.

Within minutes of his remarks, delivered in his regular twice-yearly report on the economy to the Senate Banking Committee, the Dow had plunged more than 100 points, while the 30-year Treasury bond fell more than a point.

Both markets recovered part of the losses later. But by 1pm the Dow was down over 87 points, more than 1 per cent.

In London the FTSE 100 index ended more than 15 points down at 4,329.3. This was up from its low and only 33 points below its record.

As ever, Mr Greenspan's utterances were dry and Delphic, as he listed the reasons the US economy had lately performed so well, combining robust growth with low inflation: "Even I must admit that our economic prospects in general are quite favourable."

Among the reasons he gave were a strong dollar which



Alan Greenspan: History counsels caution

prove temporary. And, he hinted, given the time required for interest rate changes to work through into the economy, what would be the Fed's first raise in short term rates since 1 February 1995 could be just around the corner.

"A pre-emptive policy tightening," he said, "may become appropriate before any sign of actual higher inflation becomes evident."

Mr Greenspan seemed most concerned however by the rampant stock market, which last week breached the 7,000 barrier, a rise of some 10 per cent since he famously proclaimed last December his fears over "irrational exuberance" in the equity market.

Yesterday, he seemed to be making another attempt to talk prices down without using the big stick of higher interest rates. Caution, he declared, seemed "especially warranted" over his previous warning which markets brushed aside in barely 24 hours, he re-iterated that "there are reasons in the current environment to keep this question on the table".

More specifically, he cast doubt on the fashionable belief that fundamental changes in economic conditions – global

competition and new information technology are the two most often cited – justified the surge in stock prices. There might be reasons to believe in something "fundamentally new."

But, he went on, "history is strewn with visions of such 'new eras' that in the end have proven to be mirages. In short, history counsels caution. Such caution may be especially warranted with regard to the sharp rise in equity prices during the past two years."

On balance, Mr Greenspan's words have strengthened the chances the Fed's interest rate steering committee will opt for a small increase in the Fed funds rate – currently at 3.25 per cent – when it next meets on 25 March. If not then, most analysts expect a move before June.

Even so, the central bank reckons the current steady expansion will continue.

Its 1997 forecast predicts growth of between 2 and 2.25 per cent, and an unemployment rate of 5.5 per cent or less for the rest of the year.

In the UK gilts were hit more than shares by Mr Greenspan's warning. But a £2.5bn auction of gilts by the Bank of England earlier in the day was a moderate success, subscribed just under two times.

Battle for a stable currency: it all started in 1797



The pound in your pocket: In 1797 the Bank of England stopped changing notes into gold and later issued £1 and £2 notes for the first time. The exhibition 'From Gold to Paper Currency' which opens today at the Bank of England Museum, London EC2, tells the story

BA deal to end 'Spanish' practices

Barrie Clement
Labour Editor

As part of a plan to save British Airways nearly £17.5m leaders of ground staff at Heathrow have accepted the need to eradicate old "Spanish practices" and freeze pay, according to internal documents.

Representatives of baggage handlers at the airport believe workers will have to accept electronic devices to monitor attendance and punctuality and will have to forego pay rises for two years from January 1998.

Union leaders are to hold workplace ballots over the next few days to assess support for the proposals, which are part of the company's drive to save £1bn by the year 2000.

The work practices at Heathrow are seen by critics as one of the last bastions of Britain of "Spanish practices", which include being paid for full shifts when fewer hours are worked. According to company sources, employees are sometimes paid for shifts they do not work.

Internal documents make it clear that these new work practices must be introduced without industrial action, therefore amounting to a no-strike pact.

In return for the concessions management has given an assurance that the ground handling operation will not be "outsourced" for the next three years.

Baggage handling was seen as one of the most vulnerable parts of BA to external competition. Company papers make it clear that the jobs guarantee will be continually reviewed. If costs and service performance compare unfavourably with competing baggage handling companies the operation would be given 60 days to improve or face contracting out after a further 30 days.

George Ryde, national official of the Transport and General Workers' Union, refused to comment on the situation at Heathrow. A BA spokesman said TGWU representatives of ground staff had accepted proposals to bring departmental costs into line with competitors.

Fall in import prices keeps lid on trade gap

Diane Coyle
Economics Editor

Britain's trade was not as far in the red as expected in December and January thanks to falling import prices. The figures sent the pound higher on the foreign exchanges, despite signs the strong currency has started to hold back export volumes.

Exports amounted to £845m less than imports in December, compared with a November shortfall of more than £1bn. Trade with the EU showed the biggest improvement, more than halving to £205m.

In 1996 as a whole, the trade deficit widened slightly to £12.5bn – the fifteenth successive annual deficit, as the Labour Party was swift to point out.

The deficit with countries outside the EU narrowed from £640m in December to £398m last month, the lowest figure since March 1995.

Although yesterday's figures were far better than feared, analysts warn the underlying trends were unfavourable. The latest figures were flattered by an increase of more than £200m in the surplus of oil exports over imports. This climbed to £664m, its highest since the oil price collapsed in 1986.

Excluding oil and other erratic items, the whole world deficit increased by nearly £300m to £1.94bn in December. But the non-EU trade gap showed an improvement in January even excluding these items.

A second helpful factor to the trade gap was the contribution that the strong pound has made

Energis cries foul over BT's US merger

Chris Godsmark

about the merger and its move back the campaign launched in the US by MCI's bitter rival, AT&T.

In its letter to the US regulator, the Federal Communications Commission (FCC), Energis argues that the British phone market is not as free as BT has claimed.

It also emerged that Energis has submitted similarly critical arguments to the European Commission, which is also investigating the deal. Energis is one of the first of BT's British rivals to complain formally

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Chief executive quits as Pace shares plunge by 44 per cent

Nigel Cope

One of the joint chief executives of Pace Micro Systems left the company with immediate effect yesterday after the satellite decoder manufacturer stunned investors with its second profits warning this month.

Barry Rubery, who made £50m from the company's flotation last summer, has ceased to be a director due to "irreconcilable differences of management style" with the rest of the board.

The shares plunged 44 per cent to 36p, their lowest point since the company's flotation last June. Priced at 172p, they stood at 241.5p as recently as November.

Yesterday the company said profits for the second half of the financial year would be no better than the £10.2m achieved in the first. Analysts are now forecasting full-year profits of

£18.2m (£20.4m compared with earlier estimates of £24m).

Pace blamed the warning on continuing uncertainties over broadcaster launch timetables.

Peter Morgan, chairman, said he would be take charge of the company in an executive capacity alongside David Hood, the founder and the other joint chief executive, while a

replacement for Mr Rubery was sought.

Mr Rubery, who had been involved with the company since its formation in 1982, will be eligible for compensation for loss of office. He was on a one-year contract and received a salary of £160,000 last year, plus a bonus of 25 per cent.

Mr Morgan said: "This is clearly a very serious situation but we believe digital broadcasting has a very good future. We are in take-off phase and some of that take-off has been deferred."

He denied the company had been over-priced on flotation. He said the parting with Mr Rubery had been amicable and did not relate to disagreements of strategy but management style.

Mr Rubery still holds a near 10 per cent stake in the company and is unable to sell any shares until 1999. He could not be contacted yesterday. "I have no idea

where he is," Mr Morgan said.

It is only three weeks since Pace Micro's last profits warning when it said slower sales of digital satellite receivers and the adverse effects of sterling's strength would mean there would be no over-performance on current-year budgets. Pace shares have been volatile as the market tried to second guess the timing of the BSkyB contracts to manufacture the set-top boxes for digital television. Pace is on the shortlist along with companies such as Philips and Nokia.

Pace said yesterday that any possible set-top box contract had never been included in this year's profits forecasts. "I cannot even speculate on whether we will be successful," Mr Morgan said.

Pace was one of the most popular flotation of last year and was priced far higher than original expectations.

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<p

business

Buoyant Prudential committed to growth

Nic Cicutti

Prudential yesterday renewed its long-term commitment to expansion by acquisition in its key UK market, as it announced an 8.6 per cent increase in total operating profits to £873m in 1996.

But Sir Peter Davis, the company's group chief executive, dampened down hopes of an imminent takeover raid on a building society, arguing: "We can't see value in that from a shareholder perspective."

The company said its total profits before tax were £1.6bn last year, up from £1.04bn in 1995. The Prud's profits rose by £766m realised by the sale of its reinsurance arm, Mercantile & General, to Swiss Re last year.

Sir Peter said yesterday the disposal of Mercantile & General, plus the launch of a banking arm, meant the Prud was focusing even more on markets it believed were crucial to its long-term success. This included an acquisition strategy in areas reflecting its long-term ambitions in the market.

Sir Peter said: "We have recently submitted an offer for Scottish Amicable. This company has a respected brand name and significant presence

in the independent financial adviser market in the UK and, if successful, the acquisition would enhance our core UK operations."

He refused to comment on further targets, especially in the building society sector.

"We said 18 months ago that we were wanted to buy a life company with an IFA presence. We indicated 12 months ago that we might be interested in adding a branch network alongside our new banking operation. But at the moment we are concentrating on shareholder value. The time is not right."

Prudential's continuing growth came as the company announced that it is currently processing more than £100m in mortgage applications for its new home loans and banking subsidiary, launched in October, which has also taken £98m in deposits.

Sir Peter said the seemingly slow start lay in the Prud's unwillingness to roll out its products across the entire salesforce until they are fully trained.

Jackson National Life, the Prud's US subsidiary, recorded operating profits up 35 per cent to \$512m (£350m), achieved through diversification both of its product range and



Big is beautiful: Jonathan Bloomer, Prudential financial director (left) and Sir Peter Davies, chairman, as yesterday's results were announced

Photograph: FI Pictures

distribution network. The Prudential also announced that it is paying a record £1.8bn in bonuses on its UK with-profits policies. For 10-year policies with monthly payments of £50, payouts of £9,274 involve a drop in returns from 8.9 per cent last year to 8.4 per cent in 1997. However, maturing 25-

year policies with the same premium will pay £101,215, a 13.1 per cent rate of return up from 13 per cent in 1996.

Jim Sutcliffe, chief executive of Prudential UK, said: "We have increased payments for the majority of our customers and maintained the payouts for many others."

Analysis have claimed the Prud could release between £500m and £350m to shareholders from its orphan assets.

In a year likely to be beset with political uncertainty and foreign currency worries, property and retailing should be two safe havens for investors, particularly given the current buoyancy in shop sales. Already, those who climbed aboard Capital Shopping Centres, which owns prime retail property assets like Thurrock Lakeside and Gateshead MetroCentre, have enjoyed a remarkable 73 per cent return on their investment in 1996, including dividends. In the space of less than three years since the group floated at 230p a share, CSC has become the fourth-biggest property company on the stock market.

Yesterday the shares edged down 2.5p to 394p, just off their high, despite the announcement of fully diluted net assets per share up by a quarter to 315p in the year to December - well above most forecasts from analysts, who were wrong-footed by a shift in the market.

Yesterdays the shares edged down 2.5p to 394p, just off their high, despite the announcement of fully diluted net assets per share up by a quarter to 315p in the year to December - well above most forecasts from analysts, who were wrong-footed by a shift in the market.

That happened at the time of the group £203m rights issue of convertible bonds in November. Until then, the growth in CSC's net assets had been driven almost entirely by its ability to squeeze ever-higher rentals out of an expanding portfolio. But valuers have been nervous about the continuing lack of strength in the market and have been reluctant to apply yields much below 7 per cent to those rent figures. However, recent deals - notably the sale earlier this year of the Gyle shopping centre in Edinburgh to Marks & Spencer on a yield below 6.5 per cent - have seen a move towards lower values for prime property. Although the difference is small, applying this falling yield to CSC's rising rental value, taking account of a 31 per cent rise in rental income to £113m last year, mean Thurrock alone represented almost half the £217m in the portfolio to £1.58m by December.

There should be plenty more to go for. Construction has only just started on the £250m shopping centre at Braehead in Glasgow, yet two-thirds of the 600,000 sq ft development is already pre-let. The net addition to the portfolio that could give on completion in two years could be worth £100m or 25p a share.

The problems afflicting the interims were in evidence at the full-year stage reported yesterday but the market is more relaxed now that the right measures have been taken to put Vardon's house in order. Strip out the distorting effect of last year's acquisition of the Archer head clubs and underlying profits were up 12 per cent, arguably a better measure than the 30 per cent increase in reported pre-tax profits to £1.8m (£9.1m), if not quite as telling as flat earnings per share of 7.8p (7.6p). The well-covered dividend rose another 15 per cent to 1.9p.

The Sea Life Centres to London Dungeon Attractions division continued to suffer from the tiredness of its resort aquaria and the impact of terrorism, road and rail works on the Dungeon theme park on the South Bank. A new television advertising campaign, beefed up management and consumer promotions, however, have already started reversing declining admissions. Bingo reported a like-for-like admissions drop of 7 per

cent in the year, which the company maintains is a better performance than its rivals managed in the same period. Here too the worst of the impact from the lottery, especially its scratch cards, is over.

The key strategic move of the year was Vardon's entry into health and leisure clubs where it bought the Metropolitan chain of private clubs together with a raft of contracts to run public gyms for local authorities, which are increasingly contracting out this sort of peripheral operation. Health clubs give Vardon access to the fastest-growing part of the leisure market and it is directing half its capital expenditure at this division this year.

On the basis of forecast profits before tax of £15.5m this year and earnings per share of 8.5p, the shares trade on a prospective p/e ratio of 13. That sort of discount to the sector is fair enough, but the outlook is brighter and the shares are a hold.

CU finds the going tough

Full-year figures from Commercial Union, like the curate's egg, were good in parts, and the 23.5p fall in the shares to 66.5p had more to do with the way in which the company knocked on the head the froth surrounding recent takeover speculation and, in particular, a deal with BAI.

The company's own bearish view of the immediate prospects for motor and household insurance business in the UK, where it is continuing to defend its margins at the expense of losing market share, also worries some analysts.

Operating profits down 13 per cent to £44.4m were quite reasonable given the withering effect of a strong pound on the overseas profits of a company which does 74 per cent of its business overseas, and most of that in France, the Netherlands and the US. Continuing competition almost halved the contribution from UK general insurance, while the doubling of bad weather claims in the US virtually wiped out profits.

Lurking in the details were some sharply improved results from Delta Lloyd's life business in the Netherlands and general insurance of Groupe Victoire in France. UK life and pensions business is also buoyant.

Some analysts were considering adding £1.0m to forecasts for 1997 yesterday but the consensus view is that the company will do well to maintain its 1996 profits this year. The UK insurance market is still tough. While insurers are still making profits from motor and household business the rating cycle is unlikely to turn up. The general election could dramatically weaken the pound, but it probably will not.

The shares are still 20 per cent higher than they were six months ago. Without a bid premium the group's prospects look uncertain and the shares, priced at 16 times prospective earnings, look to be only a dull hold.

New bid trumps Siebe offer for Whessoe

Magnus Grimond

Whessoe, the Darlington-based instrumentation group, yesterday unexpectedly found itself at the centre of a contested takeover battle after two continental groups launched a £52.6m rival offer to the £46m deal only recently agreed with the Siebe engineering giant.

Seatec Garex, a Norwegian navigation systems group soon to be renamed Navia, and Endress & Hauser, a Swiss maker of process controls, have

teamed up to make a joint bid at 175p a share, well above the 155p which the Siebe board backed a fortnight ago. The consortium scooped up a 10.6 per cent stake at 175p in its target yesterday from its three leading institutional shareholders, M&G, Aberforth and PDM, the fund management arm of UBS, the Swiss bank which is advising the bidders.

The news of the bid prompted a 27p rise in Whessoe's share price to 184p yesterday as the market anticipated Siebe re-

turning with a higher offer. Siebe would only say it was considering its options and would make a statement in due course.

The move by the continental groups follows an approach by Seatec to Whessoe in November 1995 from its Autronica offshoot, a marine automation and fire detection business which, like Seatec, is based in Tromsø, Norway. The Norwegian group later teamed up with Endress and earlier this month entered discussions with the Siebe board in an attempt

to gain a recommendation for a bid for the whole group. These talks lapsed after Siebe announced what was at that stage a higher offer.

Christopher Fleetwood, Whessoe's chief executive, described the latest move as "a slightly unusual mix of events". The latest bid would have to be considered by the board before it reported back to shareholders, he said.

The recent share price performance represents a remarkable rebound from the six-year

low of 86.5p hit last December after the group unveiled a 57 per cent fall in profit to £560,000 in its first full-year since withdrawing from its former engineering businesses. Analysts are expecting profits to rebound to around £4m this year, which the consortium said meant its offer was worth over 22 times expected earnings.

Mr Fleetwood said around half the group's revenues would be derived from new products by 1998, including a large number expected to hit the market

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expected to hit the market in 1999.

Shares for sale may also have been affected by the fact that Barclays' staff share scheme had been buying up shares last week. That may have had the effect of "sweeping up loose stock", Mr Taylor said.

Barclays paid £11.37 each for the 9.21 million shares it purchased yesterday - a premium of around 1 per cent over Tuesday's closing price. Shares in Barclays closed at £11.27p, up 5p on the day, off higher levels seen in early trade when the buy-back was first announced.

"While it is encouraging in many ways that there were not enough sellers of shares at the current price to enable us to complete our planned purchase this morning, we remain committed to returning capital to shareholders and shall be looking to buy further shares as appropriate," Mr Taylor said.

Sixty per cent of UK financial directors believe that external auditors should do more to detect fraud within their organisations, according to a survey by Reed Accountancy Personnel in association with the newspaper *Accountancy Age*.

ED&F Man Group has agreed to acquire Cargill Incorporated's molasses and animal liquid products division for \$48.5m (£30m) in cash. The company said the acquisition of MLPD was expected to be earnings-enhancing in the first full year of ownership. In addition, it will also acquire the inventory and trade receivables of MLPD, which are estimated to be about \$50m. MLPD operates from 13 terminal sites in the US and five in the UK. It also has facilities in Italy, Germany, Spain and the Philippines.

Zeneca Group is to invest £22m to expand and upgrade its pyrethroid manufacturing units in Huddersfield. The investment will support the strong worldwide demand for the company's Force, Karate and Icon insecticides, increasing capacity and manufacturing flexibility, a spokesman said.

The Bank of England said the Government's auction of £2.5bn of 8 per cent Treasury stock due 2021 was covered by bids 1.93. The lowest accepted price was £1.062m, with an equivalent yield of 7.39 per cent. The highest accepted price was £1.072m, yielding 7.37 per cent. Total bids received amounted to £4.824m.

Farringford said it was in discussions which it believed were likely to lead to the reverse takeover of Lingfield Park 1991, the operator of Lingfield racecourse. The consideration would be partly satisfied by the issue of new ordinary shares at a price of around 10p each, the company said. The majority shareholder in Lingfield, THG Group, is also a substantial shareholder in Farringford and the acquisition would therefore be subject to the approval of independent shareholders. Farringford's shares were suspended at 14p.

MEPC, the property company, will move its headquarters in early 1998 and outsource its non-core facilities management and site-based staff in order to concentrate its high-quality facilities management on those buildings where this level of service clearly adds value. The outsourcing involves 340 properties and affects 400 staff. "Terms have been agreed with Nelson Bakewell and Jones Lang Wootton to take on approximately half this total [properties]. The remainder will be dealt with over the next three months," MEPC said.

Standard Chartered has made a big "pre-emptive strike" against possible defaults by closing 550 corporate accounts in Asia last year. A credit scoring system was used by the bank for the first time to decide the closures, which amounted to about 5 per cent of its total corporate clients.

Malcolm Williamson, chief executive, acknowledged that closing down accounts was a sensitive task. "It's a case of encouraging people to go elsewhere while they have a bankable prospect," he said. Of ten, the accounts were transferred to local banks which felt more comfortable with the risk.

News of the account closures accompanied results for 1996 from Standard, which is a specialist Asian-Pacific bank based in London. It claimed the results showed it had achieved its ambition to double profits in three years by announcing a 32 per cent rise to £870m before

tax. Trading profits in the last three years have risen from £358m to £818m.

The bank has undertaken extensive restructuring in the last couple of years, and has sold off business which it did not believe would generate good profits, such as private banking.

"We really think we've finished the renovation and renewal," Patrick Gillam, chairman of Standard, said yesterday.

However, he said the bank would make investments this year and in subsequent years in the areas in which it had chosen to specialise in Asia, such as credit cards and cash management and custody business. For 1997 alone it has earmarked £90m to £100m for investment, primarily in Asia, he said.

Mr Gillam said Asia Pacific remained the most important region for the bank. The bank is one of only eight international banks with a licence to handle currency business in Shanghai.

Standard shares closed up 13.5p at 783.5p last night.

Standard closes risky accounts

Jill Treanor

Banking Correspondent

Barclays yesterday failed in its attempt to buy back £300m worth of shares, with institutional investors apparently wary of the bank's volatile share price in recent days and because of the abolition of tax-breaks announced by the Chancellor of the Exchequer last autumn.

The bank only managed to pick up around £100m worth of shares. Martin Taylor, chief executive of Barclays, said he was surprised "we didn't get more stock offered".

Until Kenneth Clarke, the Chancellor, made his move, institutions could reclaim 20 per cent tax because share buy-backs were treated as dividend payments.

Mr Taylor said the reluctance of investors to offer their

shares for sale may also have been affected by the fact that Barclays' staff share scheme had been buying up shares last week. That may have had the effect of "sweeping up loose stock", Mr Taylor said.

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In 1995, Barclays bought back £180m of shares, followed by £306m in February 1996 and £470m in August 1996.

Kenwood remains on Pifco back burner

Nigel Cope

The possibility of a Pifco takeover of Kenwood, the rival electrical appliances maker, appeared no nearer yesterday when it said it had still received no financial information from the target despite several requests.

Kenwood remains in a bid situation according to Takeover Panel rules. But the Pifco board repeated earlier statements that "we would need to receive certain financial information before we could consider making an offer".

"We want to keep all our options open," said Michael Webster, chairman.

While Kenwood struggles in a competitive market, Pifco yesterday reported a 16 per cent increase in half-year pre-tax profits to £1.83m. Acquisitions boosted the figure as underlying profits were denting by start-up costs relating to the development of the new Russell Hobbs Millennium kettle.

Pifco's group sales in the six months to 31 October were flat at £21.7m. The dividend was increased by 9 per cent to 2.5p.

Kenwood's shares closed up 13.5p at 1.50.

THE INVESTMENT COLUMN

EDITED BY TOM STEVENSON

Capital Shopping offers a haven in uncertain times

Underpinning all this is the continuing strength of the retail sector. CSC Centres in the South typically saw sales growth in double figures last year, well ahead of last year's Government figure of 7 per cent. Despite a slightly disappointing Christmas, the strong trend has continued and yields are almost certain to fall further.

CSC's shares trade on a 27 per cent premium to net assets, against an average of 5 per cent for the sector. But if Mees Pierson's forecast net asset value of 355p by the year-end is borne out, they are not out of line. Keep holding on.

Yesterday the shares edged down 2.5p to 394p,

business

Our price yardstick may not be giving good measure

The In'Chancellor in waiting, Gordon Brown, has committed a Labour government to sticking with the present 2.5 per cent inflation target. So far, so tough, but the pledge comes at a time when central bankers are increasingly uncertain about exactly what inflation is. It's not that they are becoming less hawkish about price stability, but rather that they think inflation is getting harder to measure.

The starting point is the Boskin Commission in the US. This group of dignified economists recently published a report commissioned by the Senate's Finance Committee which claimed that consumer price inflation is overstated by 1.1 per cent a year.

There were three main components of this upward bias the commission discovered in measured inflation. One, the consumer price index does not take account of the fact that when the price of one good goes up people will switch to cheaper goods. If fish becomes dearer, people eat more chicken. Unlike Britain's retail price index, whose components are updated once a year to take account of this substitution and changing tastes, the US CPI does not. The Boskin Commission estimated that this adds 0.4 per cent a year to the measured price level.

Secondly, far more shopping is done at discount stores, whereas the official price index takes no account of discounts. This adds about 0.1 per cent a year.

Thirdly, as the quality of products improves, a given price pays for more economic well-being. Although the price of a car has gone up, so has the amount of "car services" the consumer gains – better fuel economy, faster speeds, electric windows and so on.

New products also improve consumer living standards and price indexes typically miss the early falls in price and improvements in standards linked to items like home computers or mobile phones. Although



Diane Coyle

The idea of an inflation target could be on its way to becoming unworkable – just as Gordon Brown has embraced it wholeheartedly

the American statisticians do take account of quality changes, the commission said this effect added another 0.6 per cent a year to measured consumer price inflation.

Like a large stone lobbed into a millpond, the Boskin report has sent ripples of excitement through the world of economics. Last March the Bank of England published a working paper estimating that the "plausible range of bias" in the UK's RPI was 0.35–0.8 per cent. Following the Boskin report, both the Treasury and the Bank of England are revisiting the UK figures to see if the upward bias here might be greater than they had thought.

Why the excitement? Surely it is a good thing if inflation has actually been lower than we thought all along? The answer is that if measured inflation has

these inherent flaws, having an inflation target might be the wrong monetary policy. This is not just a matter of setting the target at the wrong number – say 2.5 per cent when it ought to be 3.5 per cent. There is a conceptual problem, too.

This was eloquently expressed by Alan Greenspan, the Federal Reserve chairman, in a speech in early December. It is worth quoting him at length. The problem lies in the chairman's interest in the increasing weightlessness of the economy.

"One factor that will continue to complicate the task [monetary policy] is the increasing difficulty of pinning down the notion of what constitutes a stable general price level. When industrial product was the centrepiece of the economy during the first two-thirds of this century, our overall price indexes served us well. Pricing a pound of electrolytic copper presented few definitional problems. The price of a ton of cold rolled steel, or a linear yard of cotton broad woven fabrics, could be reasonably compared over a period of years.

"But as the century draws to a close, the simple notion of price has turned decidedly ambiguous. What is the price of a unit of software or a legal opinion? How does one evaluate the price change of a cataract operation over a 10-year period when the nature of the procedure and its impact on the patient changes so radically?"

One could take this line of argument further. At the moment computer software companies charge a price per software package. But most experts think this cannot be sustained when software can be so freely copied around the Internet. A charge per use is expected to become the pricing model. In theory, this would present no problems to the statisticians. But it is hard to know what the price of a programme is now when some people pay \$50 for a package

of which they might use a tiny part and some nothing for repeated use of more computer intelligence.

Mr Greenspan went on to argue that a general sense of the purchasing power of money over time remains, so measurement procedures will probably improve. The difficulty is what to make of the CPI or RPI at a time when the range of goods and services available increases dramatically or there are sharp improvements in quality.

Before getting too carried away with this, it is worth noting that the Boskin Report has some vociferous critics. In an article in the current issue of the *New York Review of Books*, Jeff Madrick points out that much of the report's evidence is anecdotal rather than analytical. The figures are based on conjecture – he quotes Zvi Griliches, a Harvard economist and member of the commission, describing them as "squishy".

In addition, he notes, the Bureau of Labour Statistics, which compiles the CPI, already makes quite a big adjustment for quality change. Without its quality adjustments, reported inflation in 1995 would have been 4.7 per cent rather than the actual 2.5 per cent. It might be considered stretching things to make another 0.6 per cent adjustment down.

The goods for which the quality issue is most relevant – new electronics products – account for only about 2 per cent of consumer purchases. Besides, some quality changes work in the opposite direction. Some consumer goods, such as cheap household electrical items like toasters and kettles, have become shoddy and more disposable.

Even so, Mr Greenspan's point highlights a real dilemma for policymakers. Some officials believe an inflation target is on its way to becoming unworkable – just as Gordon Brown has embraced it wholeheartedly.

* Available at <http://www.bog.frb.fed.us>

A fat prize for the fastest in sport – and a fine for latecomers

PEOPLE & BUSINESS



Flying start: Tony Underwood, the England rugby union wing, is a front runner for the Green Flag 'speed' award

book: The Greenspan years, a biography by Steven K. Becker to be published on 6 March.

The author himself has achieved notoriety in New York markets through "the Beckner Effect." Mr Beckner has close contacts with the Fed, including Mr Greenspan, so when he writes about the Fed's intentions on his Market News Service, the markets move.

In the book Mr Greenspan is portrayed as an intellectual who eats, breathes and dreams economics. He spends much of his time poring over obscure data about truck output prices in Des Moines and the like.

Heartening then, to learn that he once played saxophone professionally, with the Henry Jerome swing band in the 1940s.

British Chancellor Ken Clarke is also a keen jazz fan, and apparently regrets that he never got round to learning how to play the sax. In view of Mr Greenspan's startling ability to deliver low-inflationary growth, perhaps he should.

Philip Gibbs, the analyst specialising in merchant banks who has come top of the rankings more times than you could shake a stick at, is leaving BZW for Jupiter Asset Management.

Having spent the last six and a half years at BZW, he feels that "fund management suits my skills – and it's a growth industry. I'm sad to leave BZW."

John Duffield, the cardigan-wearing eccentric who built Jupiter and sold it to Commerzbank, has kept his offices in Knightsbridge, so Mr Gibbs will have quite a change of scene from the City when he moves in April.

Will he actually get his hands on managing funds? "I'll be advising on the financial sector. We hope to launch a financial trust at some stage," he said.

John Willcock

Foreign Exchange Rates

Sterling	Dollar			D-Mark		
	Spot	1 month	3 months	Spot	1 month	3 months
US	1.6142	1.618	1.6128	1.0000	1.0000	1.0000
Canada	2.2238	2.2448	2.2556	1.3030	1.2923	1.2823
Germany	1.2788	1.291	1.2913	1.0523	1.0523	1.0523
Italy	1.2743	1.2735	1.2735	1.0223	1.0223	1.0223
Japan	1.5138	1.5171	1.5171	1.2752	1.2752	1.2752
ECU	1.4112	1.4120	1.4120	1.0351	1.0351	1.0351
Denmark	1.0429	1.0427	1.0427	1.2277	1.2277	1.2277
Netherlands	1.0794	1.0794	1.0794	1.5525	1.5525	1.5525
Ireland	1.2265	1.2265	1.2265	1.5843	1.5843	1.5843
Norway	1.2126	1.2126	1.2126	1.5843	1.5843	1.5843
Sweden	1.2212	1.2210	1.2210	1.5850	1.5850	1.5850
Switzerland	2.3500	2.3576	2.3576	1.4282	1.4282	1.4282
Hong Kong	1.4054	1.4054	1.4054	2.4807	2.4807	2.4807
New Zealand	2.3451	2.3451	2.3451	1.4350	1.4350	1.4350
Saudi Arabia	1.3287	1.3287	1.3287	3.7053	3.7053	3.7053
Singapore	2.3072	2.3072	2.3072	1.4349	1.4349	1.4349

Interest Rates

UK	6.00%	Germany	2.50%	US	8.75%	Japan	6.00%
France	3.85%	Lombard	4.50%	Prime	8.75%	Belgium	6.00%
Netherlands	2.50%	Discount	5.00%	Fed Funds	8.75%	Denmark	6.00%

Bond Yields

Country	5 yr	yield %	10 yr	yield %	HICP Market Research		
					Country	5 yr	yield %
UK	7.0%	6.8%	7.2%	7.2%	Netherlands	7.0%	4.8%
US	6.2%	6.2%	6.4%	6.4%	Spain	7.0%	5.4%
Japan	6.0%	5.8%	6.2%	6.2%	Italy	7.0%	5.8%
Germany	6.0%	5.8%	6.2%	6.2%	Belgium	6.0%	5.8%
Denmark	6.0%	5.8%	6.2%	6.2%	Sweden	6.0%	5.8%
Netherlands	6.0%	5.8%	6.2%	6.2%	ECU	6.0%	5.8%
Ireland	6.0%	5.8%	6.2%	6.2%			

Yield calculated on book value.

Money Market Rates

Country	Sterling	Dollar	Country	Sterling	Dollar	Country	Sterling	Dollar
Argentina	16.44	20.00	Nigeria	16.05	20.00	Spain	16.00	20.00
Austria	12.242	12.943	China	10.00	10.00	Sweden	16.00	20.00

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ISS

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Management.Having spent the last six
and a half years at BZW, he
feels that "fund management
suits my skills - and it's a
growth industry. I'm soldJohn Duffield, the
cardiologist eccentric who
built Jupiter and sold it to
Commerzbank, has kept his
offices in Knightsbridge. Mr Gibbs will have quite
a choice of clients from the
time he moves in April.Will he actually get his
hands on managing funds?
"I'm busy on managing the
final sector. We hope to be
in a financial trust at some
stage," he said.

John Willed

Dunwoody makes off with Maguire's Flagship ride

Racing

RICHARD EDMONDSON

Adrian Maguire was scraping his bottom on the emotional see-saw yesterday, looking up at Richard Dunwoody as he learned his injuries will not only rule him out of the Cheltenham Festival but the rest of the season as well.

The man beneficiaries from his absence will be Maguire's oldest adversary, Dunwoody, who is injured himself but will throw away his crutches for National Hunt's meaning, yesterday, collected the prime rides on Viking Flagship and Mulligan.

He will also ride one of David Nicholson's three Champion Hurdle entries, Sammarino, Relkell or Castle Sweep.

The only appointment Maguire made yesterday was another to hospital. The jockey was discharged from Leicester Royal Infirmary on Tuesday after fracturing a humerus in a fall at the local racecourse, but the pain from the injury became so intense yesterday that he was admitted to the Princess Margaret Hospital in Swindon, where his arm was re- plastered. "Adrian is in a lot of pain," Michael Poy, an orthopaedic

consultant, said. "He has a nasty fracture of the humerus and is very upset about it all. The plan is not to operate, but I've not totally ruled out surgery. There is a good alignment on the fracture and conservative treatment seems the best course of action."

"But if it is slow to heal and the alignment changes, then surgery will become an option. However, an operation does carry a small risk of causing

RICHARD EDMONDSON
NAP: Coverdale Lane
(Wetherby 4.20)
NB: Enchanted Cottage
(Wetherby 4.50)

damage to one of the nerves which runs down the arm and may result in permanent disability. He will be off for between six and 12 weeks and I will advise him not to ride again this season. He needs to give the break time to heal."

The fissure in his heart may take a bit of mending as well.

Maguire, who now misses his third Festival in succession, had been in line to partner the cream of Nicholson's powerful squad of 23 runners. The sceptre now passes to Dunwoody,

who aims to have some rust- removing sessions before the big one in the Cotswolds. "He's very hopeful of riding and is planning to come back a week on Friday," Robert Parsons, the jockey's agent, said yesterday. "He learned he had committed himself to One Man in the Gold Cup and Shooting Light in the Triumph Hurdle, but there are still a few more races to iron out."

Rodney Farrant, too, went with Leicestershire and on his breeches on Tuesday, following a tumble from Super Ritchie. Thought Farrant was left with a black eye as a souvenir and had to miss two rides at Taunton yesterday, his career is definitely on the ascent.

"He's run disappointingly in

but, but he had a mineral deficiency [much like the glasses in the press room] which has been treated. You could say he only seems to run well on a level surface, but he has had his excuses and could surprise a few people at Cheltenham - behind him."

It will be no surprise to see

Farrant, and his weighting-room confederates, treating their mount over the next few days with the brutality of someone completing a house of cards.

From yesterday until next Tues-

day any misdemeanour com-

mitted by a jockey that earns a

suspension of four days or more

will result in absence from the

Festival. If you see a whip used

in anger for the next week, it will

probably be employed to scratch

an itch on a rider's back.

Confidence behind winning burst of Rage

Weights were published yes-
terday for the seven handicaps
at the Cheltenham Festival.

Nicholson's Castle Sweep head-
ing the weights on 12st 3lb.

The sponsors make Malcolm

Jefferson's improving six-year-
old Tillymury Toff (10s 12lb)

their favourite on 10-1.

Star Rage, who attempts

back-to-back wins in the Coun-
try Hurdle, has been allotted 11st
1lb. Jimmy Harris's charge will

renew rivalry with Shining Edge

on 2lb better terms than at Don-

caster on Saturday when the lat-
ter just came out on top. But

Harris is confident of reversing

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British rugby must protect its core values



As leading rugby union administrators, coaches and players prepare to attend a seminar on the game's future in London tomorrow, **Mark Bailey** (left), a former England international and current member of the RFU national playing committee, argues that preserving the best of the past will ensure future success

The future of rugby union in Britain is not a subject on which any sane person should pronounce with any certainty or confidence. So here goes.

Most sports evolve in a more or less predictable manner, but not rugby union. The decision in August 1995 by the International Rugby Football Board to abandon forthwith a century of amateurism did nothing to promote stability or evolution. It was like throwing open the doors of Fort Knox and expecting the money markets to remain calm.

Not surprisingly, the ship of British rugby was thus cast upon stormy seas, although the shrewd matelots of the Antipodes had anticipated the changing climate and battened down their hatches. Since then, the British ship has endured mutiny from all quarters and has been taking a course across variable winds with little sense of its final destination.

To some extent, that destination will be determined by the game's capabilities and qualities. So what are the attributes of British rugby?

Although it seemed unlikely a few weeks ago, one welcome quality is the establishment of some semblance of political stability within the game. The

recent outbreak of peace between the English Rugby Union and the leading clubs provides a vital context for any future progress. Who knows whether future mutineers still lurk below deck, but for the moment the smiles appear genuine.

Relative to other sports, British rugby enjoys a fresh image, unmarred by scandal. The recent political rows have meant that this image is currently more six o'clock shadow than clean cut, but this is nothing that a public relations company could not rectify.

The game has a popular and captivating showcase in the Five Nations' Championship. Even the club scene has been revived and spiced by a combination of new money and the Bosman ruling. There is a distinct snap of expectation in the air.

British rugby's final attribute is perhaps the least understood. That game attracts a degree of interest from commercial and television companies which is disproportionate to its spectator base. International matches apart, attendances at leading matches do not readily square with the vast amounts of money invested in rugby.

The key to understanding this

paradox lies in the type of people who follow rugby. One report claimed that nearly three-quarters of ABC1 males in the South-east watched the broadcast of the 1995 World Cup semi-final between England and New Zealand. Find an ABC1 audience and you will find blue-chip companies queuing to promote their wares.

This diversion into British rugby's current attributes is important, because it helps to define those qualities which the game should defend as it considers its future. First, because these are the qualities which

distinguish it from other sports. And, second, because those peculiar qualities are the guarantee of its future financial security.

Clearly, the future of British rugby does not have to conform to any detailed blueprints and it is not necessary for us to predict the exact nature of the game in 10, 20 or indeed 50 years' time.

To define closely where the game must or might progress and to hold that vision rigidly would be reckless, because the range of variables affecting, or likely to affect, professional rugby is too great.

So, it is better to state the things we do not want to happen in the future, rather than be dogmatic about those we do want to occur.

First, the traditional closeness between the English, Welsh, Scottish and Irish unions must not be destroyed. Their interdependence is central to maintaining the unique attraction of the Five Nations and the playing strength and spirit of the British game.

However, it would be foolish to infer interdependence with introspection, and individual countries must also be allowed to develop

closer links with, say, the rugby powers of the southern hemisphere. A balance must be struck between the desire for self-development and each union's obligations to their collective roots.

Secondly, the image of rugby must not be tarnished. Modern professional sport is expected to be business-like and profitable, yet, unlike businessmen, its exponents are expected to exhibit the old values of sportsmanship. This paradox creates enormous demands, but it remains the essential difference between business proper and the business of sport.

As suggested earlier, British rugby enjoys a strong image, one which is largely responsible for the game's popularity with those vital blue-chip sponsors and ABC1 spectators. So the game must rigorously enforce standards of behaviour and discipline on issues such as violence, corruption and drug abuse. If such standards can only be guaranteed by strong and independent governing bodies, then they should be given the requisite powers to enforce them.

Thirdly, rugby must ensure that its growing dependence on commercialism does not become excessive. It is well known that commercialism

chases winners in sport and thus has the potential to create disproportionately high rewards for a tiny élite.

It also ties players and administrators to their sponsors which may conflict with their obligations to opponents or the game.

If left unchecked, commercialism will destabilise British rugby by skewing the distribution of wealth excessively into the hands of the few.

While it is entirely appropriate that the successful are amply rewarded, there is little point in courting commercialism unless a decent proportion of the money is invested for the broader benefit of the game. Rugby must ensure that its infrastructure and grassroots are nourished.

This list of objectives is negative: it focuses upon what must not be lost in the future rather than what must be achieved. It also lacks a plan that outlines how these objectives are to be attained. It put forward in the hope, but not the expectation, that British rugby can retain a sense of its special qualities in a period of rapid and revolutionary change.

Mark Bailey won seven caps for England between 1984-90 and is a Fellow of Corpus Christi College, Cambridge.

De Glanville shuns old approach

CHRIS HEWITT

Brian Moore would have detected more than a whiff of rank heresy about Phil de Glanville yesterday. The England captain's public abandonment of the psychological warfare techniques successfully deployed against the French in recent years must have left the infamous "Pitbull" wondering whether the rugby world he used to inhabit still existed.

Moore was a master of the wind-up during his long reign as England's front-row kingpin; indeed, he dedicated so much of his international career to getting under the skins of the most volatile Tricolores that the *Part des Princes* faithful nicknamed him "the splinter".

His description of the French side as "fifteen Eric Cantona" was just about the most conciliatory comment he ever voiced on his favourite subject.

De Glanville wants things done differently. "The mental element is not the key factor it once was," he said before yesterday's training session at Bisham Abbey. "The French have massively improved their own discipline - I don't think the old edge of nastiness has been there over the last couple of years - so I'm not sure how much mileage is left in the old approach.

The team manager, from 1917 until his death in 1957, was Alfred Frankland, a draughtsman, who demanded of his women players high standards of decorum, punctuality and clean boots.

They played a total of 828 matches, drawing 46, losing 24 and winning 758, defeating opposition on tour in America, France and Canada. The official estimate of their earnings for charity was £150,000.

As far as I'm concerned, we're not attempting to get under anyone's skin and there will be no wind-up process. I think you'll find that although they don't emphasise it in public, players like Mark Regan have every bit as much desire as Brian Moore brought to the England camp. There is a quieter aura about the pack these days; they prefer to do their talking on the field rather than off it.

The captain did, however, accept the need for greater ruthlessness from his side. "We're not as clinical as we would like to be in terms of finishing," he said. "Ruthlessness comes from experience and confidence and this is still a relatively new side. We're moving forward with each game but we need to accelerate our development and improve our strike rate against the French because we know we will get less scoring chances against them than against either Scotland or Ireland."

Paul Flavin was yesterday named as the replacement for Nick Popplewell at loose-head prop in Ireland's side to face Scotland at Murrayfield on Saturday. The Blackrock College player was promoted from the Ireland A side after Popplewell withdrew with a hamstring strain.

England call-up for Botham

Liam Botham, son of the former England cricket all-rounder Ian, has been called into the Under-21 squad to play France at Leicestershire tomorrow.

Botham, a centre with West Hartlepool, will be on the bench after replacing Joe Ewens. The 20-year-old has dedicated himself to rugby after making a promising cricket start with Hampshire last summer.

The Scotland and Melrose lock Stewart Campbell has withdrawn with a hamstring strain.



Front-page footballers: The Preston Works team of Dick, Kerr's Ladies whose international against France 77 years ago today was a major event. Photograph: Lancashire Evening Post

When Ladies of Preston ruled the world

It is hard to imagine any circumstances in which today's women's football match between England and Germany at Preston would make the front pages of tomorrow's *Mirror* newspaper.

Yet, when Deepdale staged the first international in the women's game 77 years ago - between a French side and the Preston Works team of Dick, Kerr's Ladies, who were, effectively, England - the mass circulation newspaper led with coverage of the occasion.

"French girls lose their first football match," read the banner headline in the *Daily Mirror* of Saturday 1 May, 1920. Other picture stories - a society divorce, a shooting incident in Cheshire - are run underneath four photographs of the match, which include one of the rival captains greeting each other in the centre circle with a kiss.

"The visitors," the report

says, "received a tremendous reception." A crowd of 25,000 saw the home team win the first of four challenge matches 2-0 through goals from Jennie Harris and their prolific forward, Flo Redford.

The French players - a collection of shop assistants, dental students and shorthand typists aged between 18 and 25, brought over by the Federation of Feminine Sports - had been cheered like a returning Cup final team as they made their way from Preston station to their hotel in the centre of town, the Bull and Royal.

The home side, made up of women workers from the local tramway engineering factory of W B Dick and John Kerr, the French defence "to stand still," according to the *Lancashire Evening Post* report.

Harris, Redford and the Dick, Kerr's captain, Alison Kerr, were singled out for praise. All three played a key part in the

subsequent challenge matches at Stockport where the home side won 5-2, Manchester (1-1) and Stamford Bridge, where the French triumphed 2-1.

The tradition of flamboyant Continental keepers was clearly established even at this early stage in the game's history. The French custodian, Mme Ourry, was described by the *Post* as being "alert and competent, frequently gaining the applause of the crowd". Both she and Carmen Pomies - "one of the sturdiest players on view" - played for Dick, Kerr's Ladies in their first two years.

Pomies, who fought for the French Resistance during the Second World War, lived in Preston for much of her life.

At the end of the match, spectators swarmed on to the pitch and carried Harris "taken to the hearts of the crowd by her skilful play" - shoulder high from the pitch.

Mme Milliat, the French manager, said she had never seen such a big crowd at a match, adding that it surpassed the numbers who attended men's fixtures in Paris.

Women's football - which had thrived during the First World War when many teams of factory workers had sprung up to raise money for charity - was indeed phenomenally popular.

Later in 1920, on Boxing Day, a match at Goodison Park - which saw Dick, Kerr's Ladies beat their closest rivals, St Helens Ladies, 4-0 - was witnessed by 53,000 people, until

very recently the largest crowd recorded for a women's game.

That figure exceeded by 3,000 the number who had watched the men's FA Cup final of that year between Aston Villa and Huddersfield at Stamford Bridge.

On 5 December in the following year, the Football Association banned women from playing on Football League grounds, a state of affairs which lasted for 50 years.

"Complaints have been made as to football being played by women," the FA said. "The Council feel impelled to express their strong opinion that the game of football is quite unsuitable for females and ought not to be encouraged."

Gail Newsham, author of a fascinating book on the Dick, Kerr's Ladies - *In A League Of Their Own (Pride of Place Publishing, 1994)* - describes the FA's actions in 1921 as "a carve-up job", adding: "They were

frightened of the opposition."

Although women's teams were forced to play for many years on recreation fields, their matches still gathered large crowds. Dick, Kerr's Ladies, formed for a charity match on Christmas Day 1917 by women who played in the factory yard during break times from their work making munitions, continued until 1963.

The team manager, from 1917 until his death in 1957, was Alfred Frankland, a draughtsman, who demanded of his women players high standards of decorum, punctuality and clean boots.

They played a total of 828 matches, drawing 46, losing 24 and winning 758, defeating opposition on tour in America, France and Canada. The official estimate of their earnings for charity was £150,000.

It was with some justification that they described themselves as "champions of the world".

Front-page footballers: The Preston Works team of Dick, Kerr's Ladies whose international against France 77 years ago today was a major event. Photograph: Lancashire Evening Post

Rozental out for season

The Rangers striker, Sebastian Rozental, may be out for the rest of the season with a knee injury after less than an hour's football for the Ibrox club.

The Chilean, who cost Rangers £4m two months ago, sustained medial ligament damage last month, playing in his second game for the Glasgow side after his transfer from Universidad Católica, and has an operation after breaking down in training on Tuesday.

Ray Wilkins, the former England midfielder, yesterday joined Leyton Orient on non-contract terms. The 40-year-old was most recently at Millwall.

The Everton midfielder, John Ebbrell, has rejoined his former manager, Howard Kendall, after completing a £1m move to

Shearer has operation

Alan Shearer's third groin operation in 10 months has been heralded as a success. The England captain had the operation in London yesterday and left hospital to return to the North-east.

Courtney added: "After the last operation, Alan was walking OK within a couple of days and then started doing exercises. It will be a case of him building his strength up bit by bit."

Newcastle are reluctant to speculate about how long it will be before Shearer returns to action but must be hoping he recovers as quickly as he did after his previous two operations.

Shearer was ready in time for Euro 96 after having his first operation at the end of April. The second operation came in the wake of Newcastle's

5-0 win against Manchester United in October - and he was back just over a month later for the 1-1 draw at Chelsea.

Courtney added: "After the last operation, Alan was walking OK within a couple of days and then started doing exercises. It will be a case of him building his strength up bit by bit."

The FA and Fifa hope to introduce some measures to speed up the game at the same time as the rules are re-worded. Under proposed changes, a "five-second rule" will be introduced to prevent goalkeepers from wasting time by holding on to the ball, goals will be possible direct from kick-offs or goal-kicks, and the ball will be in play as soon as it moves and will no longer need to travel its own circumference.

England body, said yesterday that the board will be reviewing the revised text of the "Laws of the Game" - the 17 basic rules of football. The rules were last rewritten in 1938 by Sir Stanley Rous and have become cumbersome with additions and amendments over the years.

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Botham, a centre with West Hartlepool, will be on the bench after replacing Joe Ewens. The 20-year-old has dedicated himself to rugby after making a promising cricket start with Hampshire last summer.

The Scotland and Melrose lock Stewart Campbell has withdrawn with a hamstring strain.

drawn from the Scotland A team to face Ireland A at Myreside tomorrow and is replaced by Scott Murray of Bedford.

Swansea have lodged a complaint with the Welsh Rugby Union over the selection of two of their players in Wales' squad for the Hong Kong Sevens. Both Scott Gibbs and Colm Charvis are due to play in the event, but it clashes with Swansea's Swalec Cup quarter-final with Neath on 22 March.

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Stan

Ralph in
form for
medal
quest

Sims resigns

Brave new game
RFU leading light Mark Bailey on
rugby union's challenge, page 26

sport

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Return to Deepdale

Mike Rowbottom on the first women's
football international, page 26



Blackburn sign Roy of the Rovers

Football

ALAN NIXON

Roy Hodgson yesterday became Blackburn Rovers' fourth manager since October, but only after signing a penalty clause in his contract to save the Premier club from a second managerial embarrassment.

The Internazionale coach has agreed to join Rovers on 1 July in a three-year deal worth £1m a season. However, Rovers have insisted on a clause in 49-year-old Hodgson's agreement which states that he will personally pay Rovers £250,000 if another club comes in with a better offer before that date.

Hodgson joins Ray Harford, Tony Parkes and Sven Goran Eriksson as a past, present or prospective manager at Ewood Park this season.

Rovers announced the appointment 24 hours ahead of the club's annual meeting where the chairman, Robert Coar, was due to face questions about the Eriksson fiasco.

Eriksson, the Sampdoria coach, had agreed to join Rovers at the end of the season, but decided to stay in Italy when Lazio showed their hand.

"We wanted a penalty clause putting into the agreement and Roy was more than willing to accept it," Coar said. "This means if he does not take up the job he will personally have a considerable financial penalty."

Rovers supporters will remain sceptical until Hodgson sits behind his desk, which could happen earlier than July. "If Roy was to become available sooner than expected he would come straight to us," Coar said. "He almost climbed down the

phone when we contacted him."

Parke, who will continue as caretaker manager in the meantime, will stay on the coaching staff when the new man arrives.

Rovers, Coar added, had moved "quickly and decisively" five days after Eriksson had ended weeks of speculation about his intentions. "It is necessary for people to know that it was up to Sven Goran Eriksson to terminate his agreement in

writing before we could move on," Coar said.

"We are delighted to have secured the services of a man with great knowledge of the European football scene. This confirms our intention to be a leading club in both the Premier League and Europe."

Hodgson, whose playing career took him to Crystal Palace, Maidstone United and the South African side Bets Park,

1994 World Cup finals and Euro 96.

"After a long absence I am very happy to be returning to work in England in the Premier League, undoubtedly one of the finest leagues in world football," Hodgson said. "My experience in Italy has been invaluable and I hope to put it to good use with Blackburn."

Hodgson was first approached by Rovers after Harford resigned.

"When I was asked in October I was unsure about my position and the opportunity passed before anything could be decided," he said. "I have been more than satisfied with my time at Inter."

Massimo Moratti, the Inter president, was surprised by the speed with which his coach of 16 months decided his future lay in Lancashire, but the separation was amicable.

Hodgson: Back in England with Blackburn Rovers

ly, it was Eriksson's Sampdoria, who beat Inter 4-3 at home, that did much of the damage.

In another twist, it is reported in Italy that Eriksson may now do a "Blackburn" on Lazio and step into Hodgson's shoes at Inter. "I will have to think about that," Moratti said.

Taylor near to dialogue for peace

Gordon Taylor, the chief executive of the Professional Footballers' Association, has revealed that he is close to bringing Peter Schmeichel and Ian Wright to the peace table.

Taylor also has hopes that the Manchester United goalkeeper and the Arsenal striker will avoid punishment from both the courts and the Football Association if they are seen to declare a public truce to the feud that has developed between them.

"We have been in close contact with both clubs, the players and the FA over the matter and I am hoping a meeting can be set up," Taylor said.

The racist overtones of the dispute are of a particular concern to the PFA and we want the matter to be dealt with as soon as possible. I am hoping some kind of coming together can be arranged in the next few days.

"There is, of course, the shadow of possible action from both the Crown Prosecution Service and the FA hanging over Schmeichel and Wright, but we see this dispute as a special case and would also hope that a swift reconciliation would ensure that both players escape any punishment."

The North West Crown Prosecution Service is already considering whether to press ahead with legal proceedings, following complaints that the Danish international had aimed a racist insult at Wright when United played Arsenal at Old Trafford in November.

The row boiled over once again last Wednesday when Wright made a two-footed challenge on Schmeichel during Arsenal's 2-1 defeat at Highbury. A police officer was forced to step in to pull the two players apart at the final whistle.

Initial reports claimed Wright had put the second confrontation down to another racist slur and, although he now insists he did not make any such imputation, the fact Schmeichel is taking legal advice suggests he is ready to clear his name in court.

Taylor dismissed such a suggestion when he added: "We were made aware by United that Peter was taking legal advice from the club's solicitor, Maurice Watkins. But the message I have got from Alex Ferguson and Arsène Wenger is that they would like both players to get together to sort out the dispute themselves."

"The fact that the Crown Prosecution Service are considering whether to take action makes things difficult. But I would hope that their decision on whether to instigate proceedings, and the FA's, would be influenced favourably by a public reconciliation."

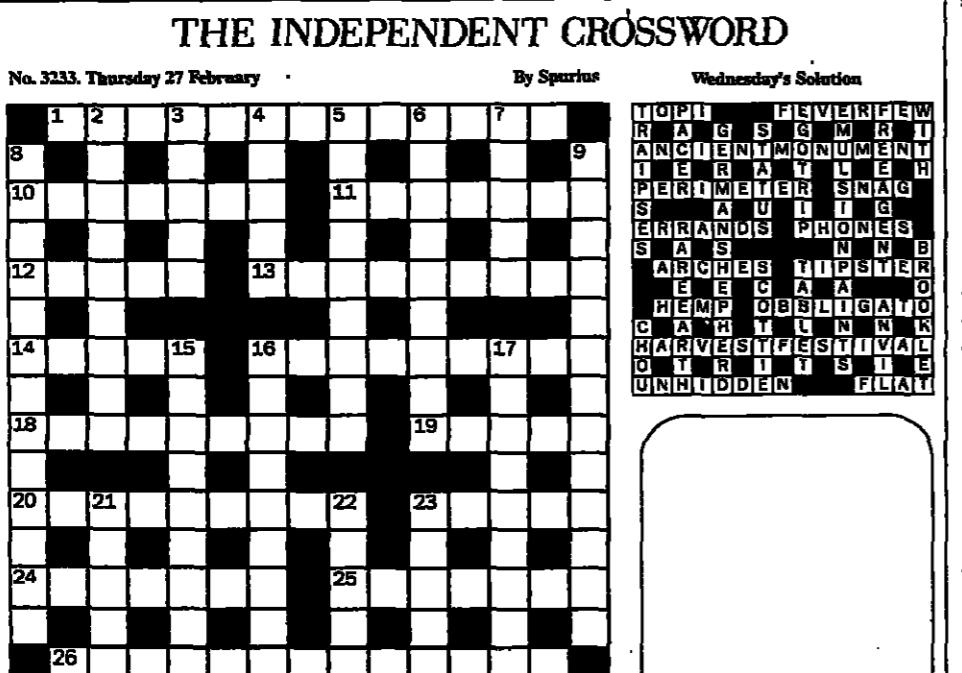
■ Nicky Butt was yesterday ruled out of Manchester United's European Cup quarter-final with Porto at Old Trafford next Wednesday. The midfielder aggravated an ankle injury shortly after coming on as a substitute in United's victory at Arsenal last week.

Not so much a mirage, more a ghostly apparition as mist makes Dubai look like a B movie set



In the mood: Severiano Ballesteros (left) and his Spanish compatriot Jose Maria Olazabal appear to have orchestrated their practice swings as they make good use of the delay that fog caused before the start of yesterday's pro-am precursor to the Dubai Classic

Photograph: David Cannon/Allsport



ACROSS
1 Find you make errors here, but not with the down clues? (7,6)
10 Translated "aquatic animal" as horse? (7)
11 Holiday resort featured in novel? (7)
12 Discrimination, in a sense? (5)
13 Policeman appearing out of the blue? (9)
14 Starts to write in very large letters? (5)
16 Put hot dressing on foul subsequently chilled? (9)
18 Staff taken out by force? (9)
19 Several thousand must be involved in Great War battle? (5)
20 A hip seems to suffer stress? (9)
23 Australian football strip, made to measure? (5)
24 Newly ordained priest taking oriental holiday, maybe? (7)

DOWN
2 Linen for the freshly groomed? (9)
3 Marquis in France to be responsible for linear measure? (5)
4 Sensational cover printed without a sign of hesitation? (5)
5 Public performance a bishop's put on shows volte-face? (5-4)
17 Disease found in grouse? (9)
21 Turkish governor planting tree in US state? (5)
22 Interior of kitchen re-designed according to professional code? (5)
23 Set to introduce promotion in South American resort? (5)

15 As a cretin turns out to be bigoted? (9)
16 Identification accepted by tense club official? (9)
17 Disease found in grouse? (9)
21 Turkish governor planting tree in US state? (5)
22 Interior of kitchen re-designed according to professional code? (5)
23 Set to introduce promotion in South American resort? (5)

Venables confident of Australian rule

Terry Venables said yesterday he was confident that Australia could qualify for the 1998 World Cup finals, following his three-day get-together with the European-based Australian national players.

"The last three days have been brilliant," explained the former England coach.

"There's been no real surprises. I am very impressed with the way that the team has settled down together."

"It's not been easy. I want to get away from the 'them and us' conversations that have been going on. It just makes it easier for the European-based players to meet here and now instead of travelling elsewhere to get a whole squad together for people that play in the southern hemisphere."

"I am very pleased with the way the squad have reacted," he admitted. "They are able to be receptive and they are able to take on new ideas. I am very confident that 1998 is a realistic target."

"The Australians play in different teams all over the globe and, whilst it was easier as England manager to get everybody together, the work they have done when they have been here has been first class."

"The whole team has been sick and professional in their approach to qualifying. They have all gelled together very well."

Venables has had the difficult task since he took over of combining his Portsmouth duties

with his Australian job and also dealing with an initially hostile public.

But victories in the Four Nations tournament and qualifying games against Tahiti and the Solomon Islands have transformed Venables' image.

"There hasn't been too many problems since Tahiti game. There are always going to be people that object to your approach but I don't see there are any real problems," he said.

"But I can confirm that our plan represents a progressive route forward for the club, which the consortium is confident it can deliver. We remain optimistic of a positive outcome."

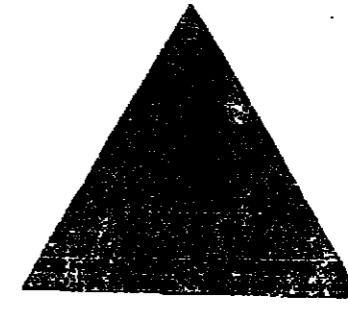
Brighton-born Knight is a life-long Albion fan and is appealing to supporters to continue to get behind the team in their battle for league survival.

Russia's football authorities lifted restrictions on foreigners playing in its Premier League on Wednesday to bring it into line with the rest of Europe, a league official said.

Leonid Lipovoi, vice-president of the Professional Football League, said a rule barring clubs from fielding more than three foreigners had been scrapped in accordance with the Bosman decision lifting such restrictions elsewhere on the continent.

"We decided to cancel all limitations for foreign players in the Premier League to keep to European rules and to be able to march together down the Bosman path," Lipovoi said. "The whole of Europe, including Russia, has to follow the same rules and we welcome this."

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And a beer to go with it.

